



56 ZBIRKA
RAZPOZNAVANJA
RECOGNITIONES

Nataša Henig Miščič

CARNIOLAN SAVINGS BANK

**Shaping Financial
Landscape
in Slovenian
Territory**

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The study was conducted as part of the project *Financial Networks in the Shadow of Economic Nationalism: A Comparative Study of the Territories of Slovenia and Vojvodina from 1867 to 1829* (Z6-50192) and research programme *Economic, Social and Environmental History of Slovenia* (P6-0280), financed by the Slovenian Research and Innovation Agency (ARIS).

PREFACE

The story of financial development in the Slovenian territory is a rich tapestry woven from threads of resilience, community, and adaptation – elements that have profoundly shaped the economic landscape and social development of the region. At the centre of this narrative is Carniolan Savings Bank, an institution that not only symbolises stability and innovation but also embodies the enduring spirit of regional progress. Throughout its development, the Savings Bank has reflected broader themes of institutional trust and socio-economic cohesion, making it an important pillar in the historical and economic progress of the Slovenian territory.

The origins of the Carniolan Savings Bank date back to a time characterised by significant political, social and economic instability. It played an increasingly important role in promoting savings, supporting local initiatives, and fostering economic resilience, becoming a cornerstone of the financial system. Its history is interwoven with broader themes of community development, national identity, and adaptation to changing circumstances – characteristics that have enabled it to weather wars, political upheaval, economic crises, and periods of exceptional growth.

The Carniolan Savings Bank is an example of resilience and foresight. It adapted to local needs, expanded its services, and responded to changing circumstances with innovative solutions. From its beginnings, rooted in serving local households and small businesses, to its expansion amidst the turbulences of the early 20th century, the bank has continuously contributed to shaping the financial landscape in the Carniola Province. It supported countless entrepreneurs, facilitated household savings and served as a social anchor by playing an active role in fostering economic activity and social cohesion.

This narrative is also intended to place the history of the savings bank in the broader socio-economic context of Central Europe and the Habsburg Monarchy. It was never just a financial institution, but an integral part of the community, supporting

local development, influencing social values and reflecting regional aspirations. Its history demonstrates how regional initiatives can impact progress and how crucial sustainable, trustworthy institutions are for stability and growth.

I would like to extend my special thanks to the Institute of Contemporary History in Ljubljana, where I work, for providing an intellectually stimulating environment and access to valuable resources. Special recognition is due to Žarko Lazarević and Mojca Šorn, whose support, expertise, feedback and encouragement have been invaluable at every stage of this project. My sincere thanks go to my attentive reviewers, Peter Vodopivec and Aleksander Lorenčič, whose valuable insights and support played an important role in shaping this book.

This book was developed as part of a postdoctoral research project Z6-50192 *Financial Networks in the Shadow of Economic Nationalism: A Comparative Study of the Territories of Slovenia and Vojvodina from 1867 to 1929*, supported by the Slovenian Research and Innovation Agency (ARIS). This project aimed to understand how regional financial institutions can influence and be influenced by broader political, social and economic development. Throughout this academic work, I have been fortunate to receive guidance, insight, and encouragement from colleagues and respected institutions, all of whom have been instrumental in shaping the story you are about to explore.

I am deeply grateful to my family and friends who have supported me throughout this journey. Their support, empathy, and kindness have been invaluable in helping me to write a book that reflects the enduring legacy of the financial institution. I am especially grateful to my husband, Uroš Miščič, who has always stood by my side and supported me every step of the way.

I dedicate this book to my dearest Uroš, Dušanka and Nina.

Ljubljana, July 2025

Nataša Henig Miščič

**SAVINGS BANKS
AS A RESEARCH
TOPIC IN
HISTORIOGRAPHY**

The savings bank in Ljubljana intends to offer everyone, especially the less affluent people, the opportunity to invest and eventually increase their savings, thus awakening and reviving activity and thrift.¹

Savings banks were financial institutions that emerged in the early 19th century. Their primary purpose was to collect funds or savings deposits from the lower but captive population classes. The deposits in the Savings Bank could be accessed by the depositors when needed. The Carniolan Savings Bank (Kranjska hranilnica/Krainische Sparkasse) in Ljubljana was one institution. By increasing the savings rate, savings banks increased capital accumulation. It played a crucial role and made a significant contribution to economic growth. The founders of this institution represented the leading group of successful entrepreneurs who acted according to the principles of altruistic motives of the Enlightenment. They felt the need to give back to society. The founders had various reasons for their work, including both economic and philanthropic motivations. The Carniolan Savings Bank gradually became one of the most important financial institutions, encouraging and guiding the population to save. No less important were the collection of deposits and the management of credit activity in the province. The original purpose of its activity changed in the second half of the 19th century. Besides benefiting individuals, savings banks increased capital mobilisation and served local communities. Initially, the less affluent classes benefited from the services of the savings banks, as they were non-profit making. Over time, the original purpose of the savings banks receded into the background, as the economically wealthier classes, especially merchants and craftsmen, also sought to invest their money and secure their craft heads.

1 SI AS 437, f. 38, Provisorische Statuten, 2.

An important issue is the mass withdrawal of money from financial institutions, which occurs frequently during various crises. This phenomenon reflects a rational reaction of the population in times of uncertainty, when the fear of losing saved funds prevails. One reason could be that savers have no information about what a Savings Bank would do with their savings. This information asymmetry affected the development of financial intermediation, as savers may not trust financial institutions. The money the Savings Bank received from its depositors in the early years was invested only in mortgage loans. During the period, it developed other forms of business. The Savings Bank's management determined that investing only in mortgage loans made the balance of entrusted funds less liquid and did not allow Savings Bank to be reliable in unforeseen situations. Therefore, the management of Savings Bank emphasised investing in liquid assets, especially the purchase of government securities. The Carniolan Savings Bank always strived to be consistent and to meet all the demands of its depositors. It wanted to ensure the safety of its business and the investment it had made.

A significant aspect of the research pertains to the context of the central symbolic element in Slovenian–German relations during the era of ethnic homogenisation. The Carniolan Savings Bank serves as an excellent example of the intricate relationship between politics, nationalism, and economic development. The study contributes to a better understanding of economic and social relations. It places the Carniolan Savings Bank in the framework of connexions and contrasts, including exceptional polarisations that have emerged since the 1880s. Contemporaries considered the Carniolan Savings Bank a crucial and influential factor in maintaining German nationalism in Carniola. The institution was classified as part of the German sphere and thus excluded from Slovene historical memory.² In the last decades before the outbreak of World War I, national contradictions reached considerable proportions. The Carniolan Savings Bank

2 Lazarević, *Plasti prostora in časa*, 163–64.

found itself embroiled in the conflicts between the Slovene and German national movements and was exposed to enormous political and economic pressure. After the conflicts reached their peak in the second half of September 1908, it was confronted with a boycott and a *run* that demanded large sums of disbursed money. With the end of World War I in 1918 and the disintegration of the Austro-Hungarian Monarchy, the Carniolan Savings Bank found itself in the new economic, cultural and social framework of the Kingdom of Serbs, Croats and Slovenes.

The activity of the Savings Bank had a solid social connotation, which can be perceived in the basic idea and purpose of its activity. Moreover, it was the first banking institution not only in the Province of Carniola, but also in a wider geographical area of the Habsburg Monarchy. Therefore, we should not overlook its importance for the innovation of financial operations and financial terminology in the Slovenian language. A significant milestone was the year 1867, when a new statute of the Savings Bank was published in Slovenian, and the institution began cooperating with Slovenian newspapers, which regularly published the annual reports of the Savings Bank in the Slovenian language. However, the importance of savings banks was partly limited to the regional and, even more so, to the local level due to the regulations in force at the state level. Despite the departure from the basic idea of an institution whose services were initially aimed exclusively at the lower classes, the savings bank played a crucial role in promoting financial inclusion. Moreover, it brought financial resources into circulation that would otherwise remain inaccessible to the financial market. I will pay special attention to the position of the savings bank in the economic development of the country. At the beginning of the 19th century, or, more precisely, until the beginning of the 1880s, the Savings Bank was the only financial institution based in Ljubljana. It was only with the establishment of a network of financial institutions in Carniola that the conditions for faster economic development were created. Carniolan Savings Bank

played a pioneering role in various segments. However, it could not do much on its own, although it held a leading position among all financial institutions in the country until World War I. This is because Carniolan Savings Bank was the only savings bank and, during the long 60 years, it managed all financial affairs in the country without any real competition.

Carniolan Savings Bank has only been sporadically researched in the broader economic context and developing financial institutions such as savings banks, credit cooperatives, and banks. An in-depth study of the historical and developmental context of the 19th-century Savings Bank in the Province of Carniola is still pending. Fragments about the Savings Bank found in subsequent works by Slovenian historians, whose significance has been reassessed in the literature, served as a starting point for the study. Previous research on the institution paid little attention to the importance of establishing a modern conception of credit and loan activities of financial institutions. The position of Carniolan Savings Bank in provincial development has not been problematised. In 1984, Toussaint Hočevár put forward a one-sided hypothesis:

The first financial institutions that appeared on Slovenian territory were part of the German information system. It seems that precisely for this reason they could not spread outside the narrow urban environment. [...] In 1910, Carniolan Savings Bank was the largest financial institution in Slovenia, with total liabilities of 64 million crowns. However, we must bear in mind that it had 22 million crowns, or a good third of its assets in bonds from debtors outside Slovenia.³

Economic historians Jože Šorn and Jasna Fischer consider the importance of savings banks in studies of industrial development. Stane Granda briefly defined and described the Savings Bank in *Slovenska kronika XIX stoletja*.⁴ Andrej Pančur devoted

3 Hočevár, Slovensko poslovno bančništvo kot inovacijski dejavnik, 181.

4 Granda, Kranjska hranilnica, 146.

himself to the Savings Bank as part of his dissertation on the monetary system of the Austro-Hungarian Monarchy. He used it as an example of the effects of the 1850s crisis.⁵ Žarko Lazarević is the author of numerous publications on the history of economics, finance, and savings banks. With Jože Prinčič, they wrote books on the development of Slovenian banking and the history of Slovenian bankers. Both texts refer to the 19th and 20th centuries.⁶

The essential historiographical work on the study of the history of savings banks in the Habsburg or Austro-Hungarian Monarchy is the book by Hedwig Fritz, published in 1972.⁷ Fritz also considers the Carniolan Savings Bank as the second in a series, establishing mentions of it in various contexts and including it in comparisons during the 19th century. However, this work has drawbacks from the viewpoint of Slovenian savings banks. The author does not include calculations for the Province of Carniola, as it covers only the territory of the present Republic of Austria. Nevertheless, as a historical research topic, the Savings Bank appeared in the Austro-Hungarian Monarchy. Dr Franz Meisel described the history of savings banks between 1848 and 1898, and the Book was published in Vienna in 1900. Meisel wrote a study that included the scientific apparatus and statistical analysis. Walter Schmidt wrote the following work in 1930, which deals with the development of the savings system in the Habsburg Monarchy.⁸ In this context, in which special importance was also attached to developing the savings banks, the review by Eduard März and Karl Socher in the general overviews of the economic history of the Habsburg Monarchy should not be overlooked.⁹ Several papers were published in *Geld und Kapital - Jahrbuch der Gesellschaft für*

5 Pančur, *V pričakovanju stabilnega denarnega sistema*, 174–76.

6 Lazarević, *Oris razvoja slovenskega bančništva do prve svetovne vojne*, 75–90. Lazarević and Prinčič, *Zgodovina slovenskega bančništva*. Lazarević and Prinčič, *Bančniki v ogledalu časa*.

7 Fritz, *150 Jahre Sparkassen*.

8 Schmidt, *Das Sparkassenwesen in Österreich*.

9 März and Socher, *Währung und Banken in Cisleitanien*, 335–37, 349–51.

mitteleuropäische Banken- und Sparkassengeschichte. Harald Wixforth edited an anthology on the development of savings banks in Central Europe during the 19th and 20th centuries, featuring contributions from experts from several countries.¹⁰ This anthology shows different paths of development for savings banks in Central Europe. In December 1995, the discussion group on the history of European savings banks in Strasbourg initiated a project which resulted in the book *History of European Savings Banks* edited by Jürgen Mura.¹¹ The book explores the distinct historical backgrounds of European savings banks. It shows that the most important common feature among all the countries considered was the socio-political mission of the savings banks as the historical basis for their activities.

Bank histories are usually written to commemorate special occasions, such as various milestone anniversaries since the bank's founding. Similarly, works address the history and challenges of establishing individual savings banks in multiple ways. The following two deal with the history of two savings banks in the Habsburg Monarchy: *150 Jahre Salzburger Sparkasse*¹² and *170 Jahre Sparkasse Oberösterreich*, by Verena Hahn-Oberthaler.¹³ The Book by Dušan Nećak and Bojan Balkovac, *100 let Mestne hranilnice ljubljanske (100 years of the City Savings Bank Ljubljana)*, represents an example of such history in Slovenia.¹⁴ All three books share the commonality that the authors are historians, but they are commissioned by banks.

The findings, published by the World Savings and Retail Banking Institute (WSBI) and the European Savings and Retail Banking Group (ESBG), relate to my research. I used this research to place the Carniolan Savings Bank in the broader European context. The organisations organised several conferences, during which they also discussed the history of savings banks

10 Wixforth (ed.), *Sparkassen in Mitteleuropa im 19. und 20. Jahrhundert*.

11 Mura (ed.), *History of European Savings Banks*.

12 Dirninger and Hoffmann, *150 Jahre Salzburger Sparkasse*.

13 Hahn-Oberthaler, *170 Jahre Sparkasse Oberösterreich*.

14 Nećak and Balkovec, *100 let Mestne hranilnice ljubljanske*.

within the broader European context. The results have been published in individual research papers, primarily focusing on the history of savings banks and encompassing broader aspects of banking history.

The archival material is in two archives in Slovenia, the Historical Archives of Ljubljana and the Archives of the Republic of Slovenia. To shed light on and investigate this topic, I have supplemented the archival material from Ljubljana with documents in the Austrian State Archives (Österreichisches Staatsarchiv) and the Austrian National Library (Österreichische Nationalbibliothek) in Vienna. The most important information is derived from the final accounts and annual reports of Carniolan Savings Bank, two books published to commemorate the 50th and 75th anniversaries, as well as the two types of minutes: those of the General Assembly and the meetings of the Board Committee. These minutes cover most of the period from 1820 to 1919 and are handwritten sources in German Gothic script. The only gap in this material is for the period of the 1880s. Banking was regulated, and a wealth of statistical source material emerged as a result of the Regulation.

The state became involved in the Savings Bank sector. The legislature required savings banks to submit annual reports. The official Austrian statistical reports cover the period from 1828 to 1913. The statistical reports varied. From 1830 to 1869, it was characteristic that only data on the liability side of the institutions' balance sheets were collected. In the 1870s, data were collected from the asset side of the balance sheet. From 1882 onwards, the reports became increasingly detailed and were published in special volumes entitled *Statistics of Savings Banks*.¹⁵ As a substitute for missing statistical data, a summary overview of the activities of all financial institutions in the Monarchy, the *Compass*, was used. This series was published annually and covered the period from 1868 to 1919.¹⁶

15 *Statistik der Sparkassen* (1880–1913).

16 *Compass*. [Erscheinungsverlauf: 1.1868 – 52.1919]

Contemporary newspapers offer a glimpse of the national differences typical of the 1880s and onwards. To create a more comprehensive picture, I use both Slovenian and German newspapers from the Province of Carniola. Articles published in various local newspapers are a rich source for researching various economic, social and political issues related to the Carniolan Savings Bank. Moreover, these sources contain a wealth of other financial information that can help fill the gap left by the archival material. The Savings Bank regularly published its half-yearly financial statements at the end of July, which contained data for the first six months of this year. Additionally, regulations required the Savings Bank to publish its annual results every year. Therefore, from the early 1850s until 1918, the Bank's annual reports were published in the Official Gazette *Laibacher Zeitung*. In the 1870s and 1880s, the Slovene newspapers *Slovenec* and *Slovenski narod* also published articles on the success of the operations.

On special occasions, such as the Savings Bank's anniversaries, newspapers also published an overview of the institution's history. Publicist Drago Potočnik wrote about the history of banking in Slovenia in reviews entitled *From the history of Ljubljana Banks* in the newspaper *Kronika slovenskih mest*. Similar to Fritz, who limited her research to the Republic of Austria, Potočnik also considered only savings banks operating in the Kingdom of Yugoslavia in the years 1932–1935. Therefore, he omitted two savings banks in the Province of Carniola for the year 1913 because they were not in existence in the 1930s. Hence, he released two savings banks, Idrija and Postojna. In 1945, the newspaper *Jutro* published an article on the 125th anniversary of the Carniolan Savings Bank.¹⁷

17 Potočnik, *Regulativne hranilnice v letih 1932–1935, 185–92*. Potočnik, *Iz zgodovine ljubljanskih bank*, 13. Potočnik, *Trgovski list*, 27 December 1944, 1, Ob 125 letnici najstarejšega našega denarnega zavoda. Potočnik, *Trgovski list*, 3 January 1945, 3, Ob 125 letnici najstarejšega našega denarnega zavoda.

**HISTORICAL
CONTEXT OF
THE CARNIOLAN
SAVINGS BANK
OPERATIONS**

THE BANKING SYSTEM

Banking history as a field of inquiry is the historical study of banks and other financial intermediaries, of bankers and financiers, and the business of banking and the banking of business.¹⁸

Although the emphasis here is on the Savings Bank, it is useful to consider it within the broader context of the financial and banking systems. Many studies concentrate on the overall development of the banking sector. By focusing on the banking system and tracing its evolution in a historical context, the contribution of banking history to our understanding of financial intermediation becomes clear.¹⁹

The financial system includes many private sector financial institutions, including banks, insurance companies, mutual funds, finance companies, and investment banks. Financial institutions provide information services and a mechanism for monitoring managers and exercising corporate control. Banks obtain information on the creditworthiness of borrowers, the soundness of collateral, and the likelihood of success of proposed projects before making loans. They may also exercise

18 Colvin, *The Past, Present and Future of Banking History*, 1.

19 Guinnane, *Delegated Monitors, Large and Small*, 3–4.

control over how the money is spent. Banks, as lenders, review applications from borrowers and evaluate creditworthiness. They also provide funds to borrowers who are neither very large nor particularly well-known. As borrowers, banks can offer some transaction and information cost advantages over securities markets. Banks can mobilise substantial sums relatively cheaply by collecting deposits from savers, large and small.²⁰

Banking and financial history are often studied as a single subject. Economists attribute a variety of functions to the financial system, which are important for economic development. Functions include facilitating trade in goods and services, providing liquidity services, mobilising savings, allocating resources, facilitating trade in risk, collecting and transmitting information, and providing a means of monitoring managers and exercising corporate control.²¹

The financial structure can facilitate economic growth through its role as a financial intermediary, standing between and separating the functions of saving and investing. The role of financial intermediaries is to accumulate a broader range of loanable funds than would otherwise be possible, provide them over a broader geographic and temporal horizon than would otherwise be possible, and ensure their efficient use by competitive users of capital.²² For centuries, a fundamental challenge for economies has been to channel society's aggregate savings to productive enterprise efficiently.²³

Finance and economics move together; there is no doubt about that. In financial crises, the collapse of the financial sector leads to a short-term deterioration in economic performance. Many studies have found that the banking system has contributed to growth in certain countries. However, some authors

20 Mishkin, *The Economics of Money, Banking and Financial Markets*, 7–8. Grossman, *Unsettled Account*, 11, 13.

21 Guinnane, *Delegated Monitors, Large and Small*, 3–4. Grossman, *Unsettled Account*, 8–9.

22 Rudolph, *Banking and Industrialization in Austria-Hungary*, 66–67.

23 Grossman, *Unsettled Account*, 1.

suggested that the banking system either responded passively to economic development or, where government intervention was misguided, hindered development by misallocating resources. As many studies indicate, if finance leads to economic growth, banking may well have a significant impact on long-term economic growth. Even if no causal relationship with long-term growth is found, the shape of the banking system may have a substantial effect on short-term economic fluctuations if the banking structure and economic stability are linked.²⁴

Another function of the financial system is to provide liquidity services. By issuing banknotes and demand deposits, banks create a form of liquidity. The provision of liquidity services has been critical to industrial development because industrialisation requires large amounts of tied-up capital for extended periods. By allowing firm owners to sell some of their equity through the securities markets or borrow from banks to secure these holdings, the liquidity risk of investors who put a significant portion of their assets into a project is reduced, and the creation of additional investment projects is made possible. Another function of the financial system is to accumulate the total savings of an economy in areas where they can be put to productive use.²⁵

Richard Rudolph showed in his study that financial institutions in Austria-Hungary were closely linked to industrial enterprises and the process of industrialisation. However, the view that banks acted as promoters of industrialisation at a certain stage of *relative backwardness*²⁶ or emulated the German universal banks must be qualified. The relationship between banks and industry was unstable and evolved throughout the period under consideration. In *moderately backward* economies, such as Germany and the Habsburg Monarchy, banks played a crucial

24 Ibid., 7–9.

25 Ibid., 10.

26 For more about term *relative backward* see: Gerschenkron, *Economic Backwardness in Historical Perspective*, 5–30.

role in collecting and distributing savings during industrialisation.²⁷

Banking developed gradually because of the development of money, commercial credit, and mediaeval fairs, beginning with the first moneylenders and deposit takers in ancient times. Modern banking was established between the late 18th and late 19th centuries. Three waves of the banking revolution provided credit and created the capital to invest and purchase large sectors of the modern economy, industrialising Europe. Banks gained a central role in economic modernisation. A modern banking system emerged in the 18th century, first in Scotland and England.²⁸ The growth and increasing complexity of economic activities caused the demand for financial services to grow. Factors that increased demand included the growth and commercialisation of agriculture, increased urbanisation, industrialisation, and the substantial growth of trade and commerce during the 19th century. This increased demand was met in part by the growth of debt and equity markets and in part by an expansion of the options offered by banks.²⁹

Government debt and its management by banks, along with the alleviation of monetary confusion, marked the beginning of a new phase in banking. Long-term lending commenced in this phase, marking a departure from the banking practices of earlier times. Developing government banks to streamline payments or manage the national debt was also a radical departure from previous practices. The first government banks were typically private institutions designed to maximise profits, albeit with responsibilities for special privileges. A new system of government finance emerged following the Treaty of Vienna in 1815. The governments of many countries sought to emulate

27 Rudolph, *Banking and Industrialization in Austro-Hungary*, 66. Grossman, *Unsettled Account*, 7.

28 Berend, *An Economic History of Nineteenth-Century Europe* (Kindle location: Chapter 4 The organization of business and finance). Grossman, *Unsettled Account*, 51–52.

29 Grossman, *Unsettled Account*, 48.

the success of the British in establishing a funded public debt and establishing the Bank of England in 1694.³⁰

Government banks eventually evolved into central banks. They were the first government-recognised banking institutions. By the late 19th century, the new institutions often functioned as fiscal agents of the government. For example, Napoleon's creation of the Bank of France in 1800 was intended to finance war and establish monetary order after the collapse of the inflationary assignation regime of the Revolution. Other countries created state banks to provide credit to the economy and stimulate trade. The precursors of these banks existed, sometimes as early as the late 17th century, but they were then only one of many banking institutions. These institutions were often private banks that operated similarly to banks in general. However, they took on many special functions. They monopolised the issuance of banknotes, assumed responsibility for money management, maintained the convertibility of the national currency, and controlled inflation.³¹

Besides the central bank, several private banks formed the second important group of financial institutions in the first half of the 19th century. As Berend points out, private banking was the original model of early modern finance and shaped the first phase of the banking revolution. The most important new development was the emergence of joint-stock banks. Several leading private banks transformed themselves into joint-stock companies. The beginning of the 19th century was the period when modern merchant banking gradually replaced mediaeval money lending and court financing. Most merchant bankers not only specialised in banking but also combined commerce and banking. They combined banking, trading, brokerage, and clearing. Since private banks were unregistered institutions, they were not limited to specific lines of business and could

30 Neal, *How it all began*, 118. Grossman, *Unsettled Account*, 40, 43.

31 Berend, *An Economic History of Nineteenth-Century Europe* (Kindle location: Chapter 4 The organization of business and finance). Grossman, *Unsettled Account*, 43.

engage in various banking and non-banking activities. These included money exchange, pawnbroking, cash management and, most importantly, the extension of trade credit both domestically and internationally. Often, private banks began as purely commercial and family businesses, and, due to the need to lend for trade finance, evolved into institutions where banking soon overshadowed the non-financial aspects of the business.³²

In the 19th century and throughout most of the 20th century, a bank was considered a private bank if its owners were also its managers. Such banks were usually family businesses. Nevertheless, there were also private joint-stock companies and even joint-stock banks whose directors retained the central part of the capital. Private banks were involved in many activities, such as commercial banking, investment banking, merchant banking, and even universal banking and asset management. The established private banks were primarily engaged in financing international trade and lending abroad. However, the local and regional banks provided banking and financial services to small and medium enterprises in the region.³³

Coincident with the railway age, a *second banking revolution* occurred in the western half of Europe. In Belgium, a new banking system was invented. The Société Générale was founded in 1822 by a royal decree of William I, King of the United Kingdom of the Netherlands. To ensure its success, the Société Générale insisted on the transformation of industrial enterprises from family businesses into joint-stock companies. This marked a historic turning point in modern banking. The new system capitalised funds in private accounts and made vast sums available for investment by issuing shares, establishing industrial enterprises, and granting long-term industrial loans. The new bank type appeared in continental Europe in 1852, when Emile and Isaac Péreire founded the Société Générale du Crédit Mobilier in France. The new bank did not displace the

32 Ibid., 46.

33 Cassis, *Private Banks and the Onset of the Corporate Economy*, 44–45.

old private merchant banks, which adapted to the new requirements and cooperated with the new Société Mobilier type of bank. A quarter to half of them were merchant banks, but the most important ones became joint-stock companies and went far beyond traditional short-term lending. The Rothschilds, Erlangers, Bleichröders, and Bethmanns got involved in the railway and industrial business.³⁴

Beginning in the 1860s and 1870s, a *third wave of the banking revolution* occurred in Germany. As a substitute for genuine capital accumulation, the bank played a crucial role in industrial business. Unlike the Crédit Mobilier type banks, the German mixed banks³⁵ combined traditional banking activities with industrial investment by investing in industry and permanently holding industrial stocks in their portfolios. The Société Générale and Crédit Mobilier type banks not only granted long-term loans to industrial enterprises but also set up the enterprises themselves. The German universal banks concentrated on industrial activity. These banks did not seek the profits from the multiplication of shares between the creation of a company and a few years later, when the shares were sold. Still, they retained shares in industrial joint-stock companies in their portfolios and built up massive industrial empires. The new banking took hold from the 1870s onwards.³⁶ The German company of 1870 prescribed a supervisory Board for every joint-stock company. The primary function of this body was to supervise the directors responsible for the operation of the company. The German universal banks were represented on the supervisory boards because they controlled capital voting rights, either by owning shares directly or by exercising proxies for shareholders who had deposited their shares with them.³⁷

34 Berend, *An Economic History of Nineteenth-Century Europe* (Kindle location: Chapter 4 The organization of business and finance).

35 The concept of *mixed banks* was defined by Alexander Gerschenkron. For more see: Gerschenkron, *Economic Backwardness*, 13–15.

36 Berend, *An Economic History of Nineteenth-Century Europe* (Kindle location: Chapter 4 The organization of business and finance).

37 Edwards and Ogilvie, *Universal banks and German industrialization: a reappraisal*, 428.

Commercial banks were usually among the largest and most influential intermediaries. In many countries, they took the lead in financing trade and industry, crucial factors in economic growth and development. These banks did not extend credit, which was financed through issuing money-like instruments. Government banks and private banks often performed these functions long before commercial banks. Government banks, however, were a special case of commercial banks. They typically had a special relationship with the state that distinguished them from other commercial banks. The quasi-governmental role of these banks increased in the late 19th and early 20th centuries as they evolved into modern central banks. As incorporated commercial banking progressed, private banks became much less important. Adaptation to the corporate form and limited liability allowed commercial banks to play a more important and active role in growing economies. There is a clear correlation between economic development and the emergence of commercial banks.³⁸

The banking system consisted of several institutions, including commercial banks, savings banks, investment banks, life insurance companies, and credit cooperatives. The focus on the large banks obscures the essential and complementary role of the other banking institutions. The primary purpose of these organised markets and larger intermediaries described above was to serve the financial needs of corporations and governments, not households. The institutional intermediaries to serve this purpose were savings banks, credit cooperatives, and post office savings banks. The founders of these financial institutions saw the need to provide an efficient vehicle to channel the less affluent classes into the financial market. Hence, they were explicitly established to serve the financial needs of ordinary people. By the end of the 19th century, securities markets, commercial banks, and insurance companies had surpassed savings banks,

38 Grossman, *Unsettled Account*, 14, 51–52.

and various countries had developed sophisticated financial systems. Savings banks and credit cooperatives, however, continued to play an important role in the banking system.³⁹

39 Pammer, *Economic Growth and Lower Class Investments*, 27. Guinnane, *Delegated Monitors, Large and Small*, 3–4. Wadhwani, *The Institutional Foundations of Personal Finance: Innovation in U.S. Savings Banks*, 503.

KEY DIMENSIONS OF ECONOMIC DEVELOPMENT IN THE HABSBURG MONARCHY

An overview and highlighting of some key turning points in the economic development of the Monarchy will provide the necessary background that serves as a frame of reference and interpretation for further analysis. Therefore, it is crucial to remember the turning points that decisively influenced the long-term development and thus shaped the conditions under which Carniolan Savings Bank operated. To enhance transparency and facilitate the placement of the Savings Bank within the economic and political environments of both the broader national context and the regional (as well as local) setting, a brief outline of the main features that shaped the development of the Habsburg Monarchy and the Province of Carniola will be provided.

Michael Pammer noted that the Habsburg Monarchy experienced sustained economic growth around 1820 or even earlier. Growth appears to have continued during the Great Depression, albeit at lower rates, after 1873. With Austria, it is challenging to pinpoint a brief period of sudden and rapid economic growth, which has led historians to suggest that modern economic growth in Austria did not commence until after World War I. Austria did not experience a “take-off” but rather a slow and steady economic transformation that lasted several

decades, making the more developed parts of the Monarchy the most economically prosperous regions in Europe.⁴⁰

The market within the Monarchy was one of the essential variables of Austrian economic growth. Although purchasing power was low, the exact size of the population, with the fact that it remained a captive market due to high tariffs, seemed to provide the basis for considerable industrial development. However, the foreign market continued to pose a significant challenge for the industrial regions of the Monarchy. Raw materials remained the main export, and with a few important exceptions. Austria possessed no distinct advantages in the world market. There were significant exceptions. For example, the sugar machinery industry and the textile industry increasingly benefited from the special features of the foreign market.⁴¹

In the first half of the 19th century, the Habsburg Monarchy was a predominantly agricultural country with a varying pace of development. Although it underwent industrialisation in the first half of the 19th century, this process was delayed, despite a relatively good starting position compared to the most developed European countries. The industrial transformation of the Monarchy was not completed until the 1870s.⁴² The end of the Napoleonic Wars triggered the momentum and collapse of the Continental Blockade, removing the barriers that hindered the introduction of the achievements of the Industrial Revolution in continental Europe. Initially, proto-industrial conditions at the end of the 18th century in the Austrian and Bohemian parts of the Habsburg Monarchy were not unsatisfactory. By the middle of the century, these areas had lost touch with the leading industrial countries. But the Habsburg Summit resisted the more far-reaching changes of the pre-March era but realistically declared itself open to modernisation initiatives in innovation.⁴³

40 Pammer, *Economic Growth and Lower Class Investments*, 26.

41 Rudolph, *Banking and Industrialization in Austria-Hungary*, 22.

42 Popov, *Gradanska Evropa (1770-1871)*, 129–30.

43 Teichova, *Banking and industry in central Europe*, 216. Fisher et. al, *The Economic history of Slovenia (1750–1991)*, 11–12. Vodopivec, *Od Pohlinove slovnice do samostojne države*, 28–30.

The transformation of the traditional economic structure was made possible by radical changes in the agricultural sector. A significant increase in the efficiency of agriculture made possible the demographic changes of the 19th century. After the Napoleonic Wars, Imperial Austria had a population of approximately 30 million within its newly expanded borders. Over the next 30 years, the population grew by at least 1 per cent per year as increased agricultural productivity, especially in the region of Hereditary Lands and Bohemia, made it possible to feed a growing population.⁴⁴

Large masses of the rural population entered the non-agrarian sphere because of the progress made in agriculture. Simultaneously, agriculture was enabled to meet the needs of the independently expanding industrial regions. From the end of the 18th to the second third of the 19th century, traditional institutions were abolished, and feudal property was replaced by bourgeois property through partial reforms, revolutions, revolts, and general regulations. Already in the first half of the 19th century, there were attempts at reform. However, the conservative, privileged class of landowners had enough power to slow down the introduction of inconsistent and partial measures.⁴⁵

The emancipation of serfs and the abolition of feudal property in the Habsburg Monarchy occurred in 1848, coinciding with the revolutionary movements of that year. This law aimed to grant peasants the right to own land and replace traditional landlord taxes with state levies. This change fundamentally altered the region's social and economic structure. The abolition of all internal customs frontiers in 1850 created a national customs union, but the territorial division of labour had been firmly established before then. Austria exported manufactured goods to Hungary, which exported agricultural products to Austria. The law abolished serfdom and other related rights and duties.

44 Judson, *The Habsburg Empire. A New History*, 112. Berend and Ránki, *Economic Development in East-Central Europe*, 28.

45 Berend and Ránki, *Economic Development in East-Central Europe*, 30–31.

The compensation of landowners was paid partly by the state and partly by the peasants. The peasants paid no more than 40 per cent of the cadastral value of the acquired land.⁴⁶

The depression following the Napoleonic Wars, inflation, and starvation in 1816/1817 led to a depression that lasted until 1825. The year 1825 is often regarded as the true beginning of industrialisation in the Habsburg Monarchy. The iron and textile industries had returned to the production levels of 1802/03. Between 1825 and 1829, there was a considerable expansion of production in these industries. The years 1825 to 1844 represented a relatively long period of upswing, interrupted by comparatively small economic crises.⁴⁷

Following the 1848 Revolution, there were significant changes in economic policy. According to David F. Good, the decade following the revolution was crucial for the subsequent economic development of the Empire. The Austrian capital market was strengthened with the establishment of two joint-stock banks, and the transport system received an infusion with the new railroad concession law in 1854.⁴⁸ Additionally, Finance Minister von Bruck facilitated several decades of relatively free trade, the abolition of all feudal burdens, the expansion of the railroad network, and the removal of internal trade barriers. From the 1870s onwards, Austrian leadership moved away from the principles of economic liberalism. However, this did not mean that the government pursued targeted state intervention. On the contrary, economic and social policies, which focused primarily on protecting domestic producers through tariffs, sought to curb capitalist excesses and strengthen the middle classes. This arch-protectionist attitude was maintained, with minor exceptions, until the end of the Monarchy.⁴⁹

46 Wurm, *The Development of Austrian Financial Institutions*, 16. Berend and Ránki, *Economic Development in East-Central Europe*, 28–31.

47 Sandgruber, *Ökonomie und Politik*, 178–79.

48 Good, *The Economic Rise of the of the Habsburg Empire*, 39–40.

49 Rudolph, *Banking and Industrialization in Austro-Hungary*, 17. Müller, *Regional policy in Empires and Nation States*, 112–13.

After 1867, economic integration and dualism stimulated economic development in some areas, especially in the eastern parts of the Austro-Hungarian Monarchy. However, economic growth was unevenly distributed across the Empire, widening disparities. Industrialisation and the industrial boom in the western part of the Dual Monarchy strengthened Austrian liberalism, while the crash of 1873 weakened it considerably again. Characteristic of the *Grunderzeit* was a strong growth of the financial sector. New financial institutions were ready to invest in the economy. Additionally, the expanding railroad network required a contribution from the iron industry. Technical innovations in various coal-consuming industries provided an economic boost. Most private bankers experienced a severe slump due to the financial crisis of 1857/58, but after 1867, the financial system recovered.⁵⁰ From 1880, the Austrian economy recovered more strongly, and again, the railways led the period of growth, but this time under government control. The Austro-Hungarian Empire adopted a more protectionist tariff in 1882. In some parts of the country, local capital became less important compared to the financial centres of the Empire, such as Vienna and Budapest. But a network of local savings banks and credit cooperatives developed alongside significant funds from outside.⁵¹

The interweaving effects of railroad construction in Austria-Hungary differed significantly from those in the other major industrialised nations. The great boom in railway construction occurred during the era of free trade, in the 1860s and early 1870s. For the industry of the Monarchy, linkage effects were largely eliminated, as substantial rail was imported from Britain. In the years that followed, the expansion of the rail network was sporadic, primarily due to political reasons. The Austrian industry was confronted with a very uncertain

50 Sadngruber, *Ökonomie und Politik*, 308. Wurm, *The Development of Austrian Financial Institutions*, 14, 18. Rumpler, *Eine Chance für Mitteleuropa*, 463.

51 Wurm, *The Development of Austrian Financial Institutions*, 18, 21.

demand outlook for rail-bound products. The expansion of the rail network in the early 1880s, the late 1890s, and the last part of the first decade of the 20th century was a major factor in the upswing during these respective periods. In the Austrian half of the Monarchy, however, demand fluctuated greatly.⁵²

Richard Rudolf identified four significant cycles in the Austrian economy after the Great Depression of 1873 until the beginning of World War I. The economy experienced a strong upswing that came to a halt in the decade. Several upswings followed. But it was not until the turn of the century that an upswing of the same intensity occurred. Metallurgy, textile, and sugar production grew the most, and the railroad boom was less extensive than in the period of *Gründerzeit* (1867-1873). The boom was characterised by the expansion of some industries developed in the 1860s and 1870s, and the creation of no new industries. The depression in agriculture and agriculture-related industries occurred after the downturn of 1884/85.⁵³

In the 1890s, new industries and businesses emerged. The upswing affected all sectors of the economy, and banks showed renewed interest in financing industrial enterprises. The late 1890s saw substantial expansion in mining, chemicals, sugar, paper, and petroleum, as well as the creation of new firms in each of these industries. The significant growth occurred in the capital goods sector. The lack of progress in consumer goods slowed growth in this sector.⁵⁴

Notwithstanding, the growth was still reasonably constant. Probably the most rapid growth in Austria's entire history occurred in the years 1903 to 1907. From 1904 to 1907, the annual growth rate of total industrial product was 7.8 per cent. Employment in the industrial sectors increased significantly.⁵⁵

The emergence and function of modern banks, as well as the spread of rail transport in the western parts of the

52 Rudolf, *Banking and Industrialization in Austro-Hungary*, 23–24.

53 Ibid., 29–34.

54 Ibid.

55 Ibid.

Austro-Hungarian Monarchy, were not essentially different in time or character from developments in the western part of the continent, particularly in Germany and France. Vienna played a crucial role not only in the Empire but also throughout Europe. As early as the 17th century, several representatives of the early banks were active in Vienna, dealing primarily with the financial affairs of the court and the Empire.⁵⁶

The era of private bankers was in the first half of the 19th century. In the pre-March era, there were essentially only three forms of banking: the Austrian National Bank (Österreichischen Nationalbank), founded in 1816, private bankers, and savings banks. According to its original concept, it had guaranteed monetary relations and met the credit needs of the Austrian economy. The Austrian National Bank followed the Bank of France's practice of keeping interest rates constant and making changes only at major intervals. It dealt mainly in high-grade paper, and its discount business was based on criteria that excluded most customers, but only the most reliable and wealthy ones. In 1877, it became the Austro-Hungarian Bank (Österreichisch-Ungarische Bank).⁵⁷

The business of private bankers primarily consisted of lending to the nobility and issuing government bonds. They played an active role in the financing industry. Additionally, they allocated funds for the first expansion of the railway system. Due to the economic crises of 1857 and 1873, the private bankers lost their importance. One exception was the Viennese Branch of the House of Rothschild.⁵⁸

The decisive change in the banking system of the Monarchy, which replaced traditional lending, occurred during the century. The enormous demand for credit, which the existing banking system could not satisfy, created the need for joint-stock

56 Berend and Ránki, *Economic Development in East-Central Europe*, 60–61.

57 März and Socher, *Währung und Banken in Cisleithanien*, 323. Teichova, *Banking and industry in central Europe*, 216. Stiefel, 'The Bankers' View', 68.

58 Berend and Ránki, *Economic Development in East-Central Europe*, 61–62. Good, *The Economic Rise*, 67–69.

banks. Railroad construction also played a significant role in this process. The state sought to bring railroads under its control in order to promote the construction of new lines. The state initiative took place from 1841 to 1854. However, the financial cost of these constructions was high. A new railway law in 1854 privatised the railways again.⁵⁹ The need for an efficient banking system became apparent. Following the French model of the *Credit Mobilier* but adapted to Austrian needs. The state took the initiative and founded the *Credit-Anstalt* (k. k. Österreichische *Credit-Anstalt für Handel und Gewerbe*) in 1855. Its task was to promote industry and to finance railway construction. After 1857, the *Credit-Anstalt* was purely a financier of railway operations. It did not participate directly in constructing the lines. The symbiosis between banking and big industry was due to the underdeveloped capital market of the Habsburg Empire. Bank loans enabled faster industrial growth. The rise of firms was linked to access to credit from their patron banks.⁶⁰ The *Credit-Anstalt* and the *Wiener Bankverein* held shares in the Austrian-Czech coal, steel, engineering, paper, textile, chemical, and glass industries in their portfolios.⁶¹

In the last years of the 19th century, several political factors emerged, which also had an impact on the economic sphere. Boycotting along ethnic lines became a widely used weapon in the late 19th century throughout Central Europe. Boycott movements and ethnically segregated movements evolved into mass organisations that exerted influence and anchored nationalism in everyday life. Political relations between Hungary and Austria became increasingly strained. A movement was underway in Hungary to secede from its customs and economic ties with Austria. Moreover, an antagonism between various

59 Peukert, *The Notion of Space on Railway Maps of the Habsburg Monarchy / Austria – Hungary*, 56–57. Berend and Ránki, *Economic Development in East-Central Europe*, 61–62.

60 Stiefel, *The Bankers' View*, 6. Eigner, *In the Centre of Europe*, 30. Weber, *Central European Banking between 1850 and 1950*, 136–37.

61 Berend, *An Economic History of Nineteenth-Century Europe* (Kindle location: Chapter 4 *The organization of business and finance*).

national groups in the provinces, on the one hand, and the Germans, on the other, was intensifying, which also affected economic life. Towards the end of the century, when national polarisation became a significant factor in the political life of the entire Monarchy, there were sporadic boycott actions against non-local goods.⁶²

The long period of peace, which lasted until the end of the 19th century, encouraged economic development, particularly in industry. The period after 1900 was marked by significant political tensions within the Austro-Hungarian Monarchy and on the international stage. At the beginning of the 20th century, national tensions began to emerge as increasingly disruptive factors in economic development. In the Austro-Hungarian Monarchy, there were significant changes in credit policy between the turn of the century and the beginning of World War I. Due to the new circumstances, savings banks took a lower position, while banks, joint-stock companies and credit cooperatives took precedence. They also developed faster than the savings banks. The savings activity of the population turned to long-term savings, which yielded higher returns and were subject to more favourable savings conditions.⁶³

62 Rudolph, *Banking and Industrialization in Austro-Hungary*, 22, 32. Schultz, Introduction: The double edge sword of economic nationalism, 23.

63 Fritz, *150 Jahre Sparkassen*, 497. Brusatti, *Die Habsburgermonarchie*, 363.

THE MAIN ASPECTS OF ECONOMIC DEVELOPMENT IN THE PROVINCE OF CARNIOLA

Like the other parts of the Habsburg Monarchy, the Slovenian territories continued the social and economic development fostered by the physiocracy and the absolutist reforms. However, new forms of production and the adoption of the modern industrial process, symbolised by railroads, steam engines, and machine factories, took hold. Efforts to modernise technology and production were generally limited to introducing various technological improvements and tools that did not profoundly affect traditional organisation and working methods. The development of non-agricultural activities influenced the early phase of industrialisation on Slovenian territory, which began in the early 1830s. The first machine factories appeared, iron production doubled, and the influx of capital, especially from Vienna and Trieste, increased. Trade and transport reached a turning point with the construction of a railway (to Celje in 1846 and to Ljubljana in 1849). The main consequences of the Industrial Revolution were the restructuring of the economy and society in favour of the non-agricultural sector and the urban population, the emergence of large cities, new social relations, and a new way of living and thinking. The first half of the 19th century also saw several achievements on Slovenian territory. The first steam engine was built in 1835 in a sugar refinery in Ljubljana;

six years later, there were eight, and by 1847, the year before the end of the pre-March period, 25 steam engines had been installed.⁶⁴

Several industrial enterprises were founded in Ljubljana. Very important became the sugar factory and the cotton spinning mill.⁶⁵ With demographic growth, the social structures of society also changed. The rural population was stratified. The number of those who had to earn a living through additional work in non-agricultural fields such as iron and steel production, transportation, and domestic crafts increased especially rapidly. In 1831, the population of Ljubljana consisted of 49 per cent workers, maids, and part-time workers, as well as unemployed people with their families. The population also included 32 per cent merchants, craftsmen, helpers, and apprentices, 12 per cent nobles, priests, clerks, and tenants, and just under 8 per cent students. The statistics did not include the military population, which made up a considerable proportion. The occupational and social structure of the population underwent significant changes towards the middle of the 19th century, when Ljubljana acquired industrial enterprises. According to the censuses of 1834 and 1847, only about 40 per cent of the population resided in the inner city.⁶⁶

Economic development also had a positive effect on population growth in the Province of Carniola and Ljubljana. Sufficient food produced by modernised agriculture and a successful fight against infectious diseases had encouraged rapid population growth. In addition, the population of the Slovene territories increased by 28.5 per cent due to decreased mortality and still high fertility in the pre-March period.⁶⁷ Even more than the population, the urban population grew between 1818

64 Vodopivec, *Od Pohlinove slovnice do samostojne države*, 28–30. Vidic, Pre-March period, 215–16.

65 Žontar, *Problemi zgodovine mest na slovenskem*, 92.

66 Vidic, Pre-March period, 216–17. Žontar, *Ljubljana v 18. in prvi polovici 19. stoletja*, 172–73.

67 Vidic, Pre-March period, 216.

and 1845.⁶⁸ In 1819, a year before the founding of the Carniolan Savings Bank, Ljubljana had 9,885 inhabitants, and by 1846, this number had almost doubled to⁶⁹ 18,583 people. The composition of the present population by judicial district indicates that immigration to the city was increasing prior to the 1847 convocation. Thus, in 1834, there were 718 persons of foreign birth and from foreign countries. At the time of the 1847 census, 2,040 such persons resulted from more recent immigration.⁷⁰

The economic and social structure of the Slovenian lands in the second half of the 19th century was influenced and determined by the final abolition of serfdom and the beginning of greater industrialisation. The abolition of serfdom between 1853 and 1859, the indebtedness and fragmentation of the already small estates, the low profitability of land, the agrarian crisis in the 1870s, and intense competition from foreign products all aggravated the plight of the peasants.⁷¹ Initially, this problem was addressed by the fragmentation of farms and accelerated emigration in the latter part of the century.⁷² Between 1850 and 1910, more than half of the natural increase emigrated from the Slovene territories, according to various estimates, 300,000 to 350,000 people, which meant a quarter of the total population of the area. After 1880, abandoning the village led to a decline in the peasant population. The agrarian crisis, accompanied by a slow process of industrialisation, led to mass emigration from the Slovene ethnic area. Additionally, in the industry, there were not enough jobs to accommodate the increased number of unemployed rural inhabitants.⁷³

Agriculture stabilised in the 1880s and 1890s. Economic development was primarily driven by domestic demand. Only the textile, iron and coal industries were developed. Modernisation

68 Žontar, Ljubljana v 18. in prvi polovici 19. stoletja, 172.

69 Pipp, Razvoj števila prebivalstva Ljubljane in bivše Vojvodine Kranjske, 67.

70 Žontar, Ljubljana v 18. in prvi polovici 19. stoletja, 172.

71 Fischer, Začetki industrializacije na Slovenskem, 10.

72 Granda, Gospodarske krize na slovenskem prostoru v devetnajstem stoletju, 43. Pančur, Socialna misel v drugi polovici 19. stoletja, 19.

73 Fischer and Rozman, Socialna demokracija in kmetstvo na Slovenskem 1870–1918, 9, 10.

of agriculture was necessary because it allowed for an increase in productivity and raised the income of the population. However, faster industrialisation did not occur.⁷⁴

The Order of Crafts (Gewerbeordnung) of 1859 ended the long strategy of granting privileges and operating licences. It thus set the conditions for the development of the non-agricultural economy. Crafts continued to develop in the cities, especially in Ljubljana. It took an equal position in non-agricultural production and complemented industry in several ways. It was a complementary service activity, a source of skilled labour and a centre for new industrial facilities. The process of modernisation and expansion of craft workshops into industrial plants took place.⁷⁵

Banks were an essential element of the economic infrastructure because they provided the necessary capital. The construction and maintenance of roads and railways, as well as the provision of energy resources, enabled the transition from the agricultural to the non-agricultural sector. Industry and crafts developed, and transportation links were established. Most industries and crafts were based on the exploitation of natural resources and agricultural products. Six industries (mining, iron and steel, metallurgy, timber, food processing, crafts and construction) employed 80 per cent of all workers in non-agricultural production between 1890 and 1910.⁷⁶

Between 1870 and 1890, foreign financial institutions played an important role in industrialisation. The problem was that regulations on investment in trades and industry restricted savings banks. Not until 1872 did they have more freedom to choose where to invest their money. With the Credit Association, Carniolan Savings Bank directed part of the capital to smaller craftsmen and tradesmen. In the second half of the 19th century, the first joint-stock companies were founded,

74 Lazarevič, *Spremembe in zamišljanja*, 34. Fischer and Rozman, *Socialna demokracija in kmetijstvo*, 9, 10.

75 Fischer, *Začetki industrializacije na Slovenskem*, 15.

76 *Ibid.*, 17–18.

but they had only a limited influence in Ljubljana. Some banks from other parts of the Monarchy, such as the Austrian National Bank⁷⁷ and Steierische Escomptbank from Graz, had their branches in Ljubljana. The first joint-stock company, Ljubljana Credit Bank (Ljubljanska kreditna banka), was founded in 1900 with Czech capital. Besides investments from Vienna, capital from Berlin and France also played a decisive role at the end of the 19th century. Foreign investments were 7–8 times higher than those of domestic investors.⁷⁸

The banking system developed relatively late on Slovenian territory. The lack of a well-organised banking network and financial accumulation was a reason for the slower and later economic development. The Province of Carniola got its first financial institution relatively early during the wave that swept most European countries. Nevertheless, the network of various banking institutions developed only in the last two decades of the 19th century, with savings banks, credit cooperatives, and finally joint-stock banks emerging. Financial intermediation services began to be used by a broad spectrum of the population at the turn of the 20th century.⁷⁹

77 Šorn, *Začetki industrije na Slovenskem*, 215.

78 Fischer, *Začetki industrializacije na Slovenskem*, 17.

79 Lazarević and Prinčič, *Bančniki v ogledalu časa*, 9, 35.

HISTORICAL CONTEXT OF THE SAVINGS BANK ORIGINS

The annual report of Carniolan Savings Bank for the financial year 1913 includes a brief text entitled *Something about the history and development of savings banks*. The author pointed out that in the 18th century, wealthy individuals lent money to rulers, towns, and private individuals. These cases usually involved larger sums of money. But poorer members of society had no opportunity to participate in these financial transactions. They kept earned money at home without the possibility of additional earnings. The emergence of savings banks in the early 19th century enabled society to solve these problems.⁸⁰ Contemporaries saw the need for efficient instruments and channelled the savings of the less affluent people into the financial market. Savings banks became important financial intermediaries, looking after the savings of the local community and creating investment opportunities. They targeted low-income households and tried to bring banking services closer to them.⁸¹

The history of savings banks began in Germany. The non-profit organisation for people of “small fortune” opened the first Savings Bank in Hamburg in 1778. This act resulted from

80 *Kranjska hranilnica v letu 1913*.

81 Savings Banks' socially responsible activities, a wealth of Experience, Report, European Savings Banks Group, 10. Pammer, Economic Growth and Lower Class Investments, 27.

the introduction of philanthropic and social-liberal ideas. The institution allowed low-income workers to deposit money, in addition to insurance benefits. The wave of new savings banks founded in other German cities in the last quarter of the 18th century was a result of initiatives initiated by private associations. The members of these associations were driven by humanitarian considerations and wanted to educate the lower classes to take responsibility for their provisions.⁸² Similar institutions were formed in the United Kingdom by the end of the 18th century. A long tradition was held by the Friendly Societies, which offered some protection to their members in the event of sickness, infirmity, and old age. The first institution was founded in Tottenham in 1798.⁸³

The idea of saving, however, was not new when the movement gained widespread establishment throughout Europe. In France, the author of a small booklet in 1611, Hughes Dèlestre, promoted allowing workers to put small amounts of their earnings into the new pawnshop. Workers could receive a modest interest rate and use the savings to alleviate times of sickness and hardship. Additionally, Daniel Defoe, author of the famous novel *Robinson Crusoe*, advocated similar ideas in 1697. He suggested that society could create local mutual aid funds. Nevertheless, these two examples remained unrealised ideas ahead of their time.⁸⁴

The first wave of Savings Bank foundations in the last third of the 18th century lasted until the outbreak of the Napoleonic Wars. Following the establishment of the first Savings Bank in Germany, similar institutions were also founded in Denmark and Switzerland. But some unrealised attempts to open new banks between 1791 and 1813 in Bonn, Bremen, Vienna,

82 Mura, Germany, 106.

83 Godsen, Great Britain, 134. Proettel, Path dependencies, 1. Rodriguez and Andersson, Savings and Economic Development: Sweden in the 19th Century, 27–28.

84 Ibid.

Frankfurt, Dresden, Stuttgart and Nuremberg remained.⁸⁵ Although economic ideas in the 18th century paid little attention to the importance of saving, classical economics proved that it was essential for improving production and crucial for overall prosperity.⁸⁶

In the second decade of the 19th century, the second wave of Savings Bank foundations began in many parts of Northern, Central, and Western Europe. The breakthrough of this movement occurred after the economic slowdown that was expected with the end of the Napoleonic Wars in 1815. The very tense social situation was further burdened by a poor harvest in 1816, which went down in history as the “year without a summer”.⁸⁷ The increased cost of food resulted from the poor harvest and a famine crisis that lasted until 1817. Savings banks seemed very useful as a suitable preventive measure against individual emergencies. Therefore, by 1820, various savings banks had been established. In 1818, Berlin, Paris and Stuttgart got new institutes, followed by Vienna and Flensburg in 1819. Finally, Ljubljana, Copenhagen and Gothenburg each opened one in 1820. These institutions were initially founded in the large cities because the international flow and exchange of ideas was higher there. This pattern was followed by expansion into smaller cities and the countryside.⁸⁸

The second Savings Bank movement was based on imitating the structure, organisation, and goals of the preceding institutions of the founding wave. However, implementing similar practices and ideas did not last long before each country developed its own Savings Bank system. The different development paths of each country reflect the different legal and social traditions in Europe. The distinct regional and local conditions also formed different patterns for collecting and investing deposits.

85 Proettel, Path dependencies, 1.

86 Anderson, *Savings banks and economic development: Sweden in the 19th century*, 28.

87 Sandgruber, *Ökonomie und Politik*, 178.

88 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 7. Proettel, Path dependencies, 2–3.

For example, savings banks in the United Kingdom could only offer savings services to customers. They served as a money store for future crises. These institutions could only invest the deposits in government bonds but could not provide mortgages or other types of loans. But savings banks in the Habsburg Monarchy had diversified investment policies. They could invest funds in buying government bonds and real estate, offer loans to local governments and individuals against mortgages, and build a bill portfolio.⁸⁹

In most European countries, savings banks were subject to government Regulation and supervision, and the regulatory environment influenced the development of the countries' homogeneous Savings Bank system. The first country to introduce state Regulation was the United Kingdom in 1817. The Habsburg Monarchy published the Savings Bank Regulation Act (*Sparregulativ*) in 1844, most likely following the example of the general Prussian Savings Bank Regulation of 1838. The legislation established a general legal framework for organisation, business practices, and state control.⁹⁰

Savings banks attempted to persuade people of the benefits of saving through various channels, including leaflets, brochures, and articles in local newspapers. They knew of the needs and characteristics of the area in which they operated.⁹¹ Distinguish between the most impoverished population and the class to which the institutions addressed their efforts. They appealed to poor but industrious people with some regular income. These people set aside a portion of their earnings.⁹² During this period, they became an important *financial partner* for local and regional economic projects. For example, Carniolan Savings

89 Proettel, Path dependencies, 5–7. McLaughlin, *Microfinance institutions in nineteenth century Ireland*, 4. Maltby, Insurance and investment: savings banks and asset-based welfare, 8.

90 Proettel, Path dependencies, 3. Lehmann-Hasemeyer and Wahl, Savings Banks and the Industrial Revolution in Prussia, 13. Fritz, *150. Jahren Sparkasse*, 150.

91 Thol, Poverty relief and financial inclusion, 6.

92 Dirninger, Historic dimension, 10–11. Savings Banks' socially responsible activities, 10.

Bank funded smaller local firms and businesses. It also participated in major public infrastructure projects, such as railroads and worker housing. It helped municipalities to build hospitals, but as part of charity work funded by annual surpluses. Besides savings services, savings banks increased capital formation and served as lending institutions. They were critical to the transition to modern economic growth, with the large universal banks and stock exchanges.⁹³

Savings banks were an early example of microfinance institutions. Microfinance providers can be diverse. They usually focus on one aspect of microfinance, either credit or savings.⁹⁴ However, the primary purpose of their activity changed several times. Carniolan Savings Bank remained an institution dedicated to charity, but many financial services came to the fore.⁹⁵ Joanna Ledgerwood defined the term in her Book *Microfinance Handbook*, which refers to the provision of financial services to a low-income population. Microfinance provides financial services, such as loans, savings, and insurance, to impoverished individuals or communities that are often unserved or underserved by traditional financial institutions. It thus aims both to promote economic development and to reduce social exclusion.⁹⁶ Better suited to the definition of this term were the credit cooperatives that emerged in the second half of the 19th century. Over time, savings banks abandoned measures designed to prevent wealthier people from enjoying the benefits they offered.

Usually, European savings banks preferred to support projects created to meet local and regional needs. The diversity of these targeted actions generated crucial momentum for local economic dynamics, uniquely positioning the savings banks to act as catalysts for local well-being.⁹⁷ As part of the banking

93 Lehmann-Hasemeyer and Wahl, Savings Banks and the Industrial Revolution in Prussia, 5.

94 Thol, Poverty relief and financial inclusion, 7.

95 McLaughlin, *Microfinance institutions in nineteenth century Ireland*, 3.

96 Ledgerwood, *Microfinance handbook*, 1. Savings Banks' socially responsible activities, 11.

97 Savings Banks' socially responsible activities, 9.

system, savings banks were important institutions that extended credit based on mortgage loans and financed entrepreneurs, craftsmen, and merchants.

In the Austrian Empire, the Savings Bank movement began later than in other European countries. The unenviable situation occasioned by increased immigration from all parts of the Monarchy, building factories, and the financial burdens of the Napoleonic Wars called for special governmental measures. The Emperor and some high officials were informed in the early 19th century about the Savings Bank and the possibility of its institutional design. They viewed this institution as one of the many already tried methods to alleviate the problem of poverty. The importance that savings banks were to acquire as independent economic institutions could not have been foreseen. Some efforts were likely considered more practical and effective than those of the savings banks among other poor relief institutions. When the First Austrian Savings Bank (*Erste österreichische Spar-Casse*) was founded in 1819, there were already 284 savings banks in different parts of Europe, particularly in England, Germany and Switzerland. The reason for this could be the poor financial situation that prevailed in Austria at the beginning of the 19th century, which was not conducive to the establishment of such institutions.⁹⁸ The excessive issuance of paper money during the Napoleonic Wars triggered inflation. In 1811, a monetary reform was implemented. The state exchanged the nominal value of paper money for a new one at a ratio of 5 to 1. Nevertheless, the devaluation was too low in real terms. As the War of 1813–1815 continued, the state had to reprint the paper money. It issued a new type of banknote. In addition, inflation was fuelled by state money in *anticipation notes* (1813). It was only brought to a halt by the currency reform of 1816. The founding of the National Bank in the same year attempted to establish monetary stability.⁹⁹

98 Fritz, *150 Jahre Sparkassen*, 40–43. Schmidt, *Das Sparkassenwesen in Österreich*, 2.

99 The Napoleonic wars proved too long, and the pressure to finance war expenditures led

The initiative for the Savings Bank in the Monarchy came from the k. k. Book censor Dr Johann Baptist Rupprecht (1776–1846), who reviewed the *Yearbooks of the savings banks in England* in London in 1818. Rupprecht advocated to Count Franz Joseph von Saurau, Minister of the Interior (1760–1832), for founding a similar institution based on the English Savings Bank model. The idea took root in the Viennese suburb of Leopoldstadt. The founder of the First Austrian Savings Bank (Erste österreichische Sparkasse), initially known as the Leopoldstädter Sparkasse, was a pastor John Baptist Weber (1786–1848). He collected signatures and a guarantee fund from 50 wealthy citizens of his parish for the new institution. A United Court Chancellery (*Vereinigte Hofkanzlei*)¹⁰⁰ confirmed the legal basis for a new financial institution, which started its work on 4 October 1819.¹⁰¹

Most savings banks in the Austrian part of the Monarchy were founded in the second half of the 19th century. By 1913, there were 691 savings banks. Hedwig Friz divides the second Austrian founding movement into three phases: early (1856–1865), heyday (1866–1880) and the late phase (1881–1918). In the first two phases, an intensive founding movement was typical for Upper and Lower Austria, especially for the Bohemian province. In the latter phase, there was a steady development throughout the Monarchy. The Province of Carniola, which until 1882 had only one Savings Bank, was also included in this late phase.¹⁰²

In Hungary, the wave of foundations began in 1835. The institutions chose a private legal form of business organisation.

to an expansion of money in circulation. Public, voluntarily accepted paper money was enforced by law and given legal tender status. Repeated attempts to stabilize the currency had no lasting effect.

März and Socher, *Währung und Banken in Cisleithanien*, 324. Beer, Gnan and Valderama, A (not so brief) history of inflation in Austria, 7.

100 Vereinigte Hofkanzlei (United Court Chancellery) served as the Ministry of the Interior from 1802 to 1848.

101 Schmidt, *Das Sparkassenwesen in Österreich*, 3–4. SI ZAL LJU 362, f. 15, Dragotin Hribar, *Stoletnica Kranjske hranilnice*, 1–2.

102 Fritz, *150 Jahre Sparkassen*, 380–83. Dirninger, *Institutioneller Wandel*, 32.

The 11 savings banks founded by 1844 were profit-oriented joint-stock companies or had been converted into such by then. The oldest and central financial institution, for example, was the Pest Domestic Savings Bank. It was initially intended to operate on charitable principles, providing loans to small merchants and craftsmen. Despite altruistic intentions, the bank was converted into a joint-stock company in 1844 and became increasingly involved in conventional banking. This institution was the second-largest financial institution in Hungary in 1913.¹⁰³

The government strongly encouraged the leadership of the First Austrian Savings Bank to educate and teach the underprivileged classes how to manage their finances effectively. They sent a royal proclamation on 5 February 1820¹⁰⁴ entitled "Establish savings banks!"¹⁰⁵ to other parts of the Monarchy. Pastor Weber also wrote a promotional pamphlet describing the general advantages of savings banks and encouraging the establishment of such financial institutions in other provinces. Carniolan Savings Bank was the second Savings Bank established in the Habsburg Monarchy. It was put into operation only one year after the Savings Bank in Vienna. Following the Viennese model, Carniolan Savings Bank was the first and central financial institution in the Province of Carniola.¹⁰⁶

At the beginning of the 19th century, several successful entrepreneurs lived in the Province of Carniola and Ljubljana. The beginning of industrialisation and the establishment of the first financial institution date to the 1820s. However, these first initiatives remained isolated attempts for a long time. Delay was one characteristic of economic development on Slovenian territory. According to Jože Šorn, these entrepreneurs had enough

103 Barcsay, *Banking in Hungarian Economic Development*, 220.

104 Zenko Donadini, *Općinske - gradske štedionice*, 3.

105 *Illyrisches Blatt*, 3 November 1820, 177, Errichtet Spar-Cassen! Worte eines Menschenfreundes, an alle Ältern, Seelforger, Schullehrer, Fabriks-, Gewerb- und Dienst-Herren.

106 Schmidt, *Das Sparkassenwesen in Österreich*, 5. SI ZAL LJU 362, f. 15, Dragotin Hribar, *Stoletnica Kranjske hranilnice*, 1–2. SI ZAL LJU 362, f. 15, Nastanek, razvoj in delo Hranilnice Dravske banovine, 1.

ambitions and skills as those who lived in Vienna. But they were hampered by their chronic lack of capital.¹⁰⁷

Although almost immediately after the foundation of the first Savings Bank in the Habsburg Monarchy, a savings bank in Ljubljana began its activities, a livelier foundation phase started in the Province of Carniola, with a delay of over 60 years.¹⁰⁸ The Savings Bank opened in Zagorje in 1872, which, unfortunately, was liquidated soon after, points to this period. The actual founding moment came in 1882. At the beginning of the new century, six regulated savings banks operated in the Province of Carniola. The founding trend continued at an accelerated pace, and their number more than doubled by the beginning of World War I. Since 1913, there have been 14 savings banks in the province.¹⁰⁹ Carniolan Savings Bank had a leading position among financial institutions. Only the City Savings Bank Ljubljana (Mestna hranilnica ljubljanska) followed it according to the money received from depositors in the first decades of the 20th century.¹¹⁰

Before addressing the main subject, it is important to acknowledge the delays in the history of savings banks within the Habsburg Monarchy and the Province of Carniola. There are several reasons for the time gap, which is related to the establishment of waves in the broader context. The economic historian's theory of institutions, Douglass North, can explain the phenomenon of delay. North argued that the establishment of a system of institutions, in this case savings banks, is not enough to imply a particular idea. That idea may succeed in a particular area, but it need not work elsewhere without some adjustments.¹¹¹ The same was true of the state savings banks in the

107 Šorn, *Začetki industrije na Slovenskem*, 210–11. Lazarević, *Sočasnost slovenskega gospodarskega razvoj*, 398.

108 For more information about the concept of lateness in the development path, see: Lazarević, *Spremembe in zamišljanja*, 12–36.

109 *Statistik der Sparkassen* (1913).

110 Lazarević and Prinčič, *Zgodovina slovenskega bančništva*, 26, 43.

111 For more information, see: North, *Institucije, institucionalne spremembe in gospodarska uspešnost*, 43–60.

Habsburg Monarchy. In the pre-March period (1815–1848), the first savings banks were founded. These institutions represented private non-profit organisations established by collecting funds from private individuals. During this period, the founding process was not particularly intense, especially when compared to the numbers in other European countries, such as Germany. The initiative itself was not sufficient. The conditions that allowed the creation of a savings banks network, especially the credit strategy at the local level, had to be met. Directly implementing a structure that worked in Germany would not be suitable for Austria, which had a different initial economic situation.

A good example is the government Regulation that defined the way savings banks were established and operated. The Regulatory Act, which was introduced by Austria on the model of a similar law in Prussia, allowed municipalities to establish a Savings Bank and guarantee its operation. When the Savings Banks Regulation (*Sparregulativ*) was published, there were no municipalities in Austria as they existed in Prussia. Therefore, introducing municipal autonomy in 1849, followed by some changes to Savings Bank Regulation in 1853 and 1855, gave a significant boost to the Savings Bank movement in Austria.¹¹²

112 Proettel, Path dependencies in European savings banks, 8. Fritz, *150 Jahre Sparkasse*, 168–69, 180. Dirninger, Historic dimensions of corporate social responsibility, 12.

**DEVELOPMENT
PATH OF
THE CARNIOLAN
SAVINGS BANK**

ESTABLISHMENT

Immediately after the end of the wars against Napoleon and especially around 1820, the Habsburg Monarchy experienced a favourable economic situation. Thanks to good economic conditions, some entrepreneurs accumulated higher amounts of money. At the turn of the 18th and 19th centuries, several highly successful merchants resided in Ljubljana.¹¹³ Janez Nepomuk Hradeczký Ljubljana Mayor and merchants Franz Gallé, Kasper Candutsch, Georg Mülle, Joseph Frederik Wagner, and Joseph Seunig established a Savings Bank. In the autumn of 1820, they applied for the establishment of a *provisional society*: “...which would offer both the upper and lower classes the opportunity to invest their savings safely and fruitfully, and to spend during the old age, as well as in sickness, accident or other such cases.”¹¹⁴

A group gathered around the Mayor of Ljubljana, prepared the Provisional Statute of the Association on 13 October 1820. This document constituted the legal basis for the establishment of a Savings Bank.¹¹⁵ Count Sweerts-Spork, provincial Governor of Carniola, was in favour of this initiative. On 20 October 1820, he approved the *Provisional Statute* and granted permission to

113 Šorn, *Obdobje grosističnih tvrdk*, 29–30.

114 SI AS 437, f. 38, *Ustanovitev Kranjske hranilnice*, 1 [own translation].

115 SI AS 437, f. 38, *Provisorische Statuten*, 7.

found a provisional Savings Bank organised as an association. The authorities did not require a special funding fund. The only condition was that the Board members assume responsibility for the regular payment of interest on savings deposits.¹¹⁶

An appeal to join the Savings Bank Association was published in the newspaper *Illyrisches Blatt* on 27 October 1820. The “Provisional Savings Bank Association” twice invited readers to join and make voluntary contributions to the society, either in cash or in interest-bearing government bonds. Although a founding fund was unnecessary, the founders requested money to cover the company’s operational expenses and to make interest payments to depositors. This appeal was answered by many prominent citizens of Ljubljana, including the district chief officer Raimund Count Auersperg,¹¹⁷ merchant Michael Deschmann, pharmacist Joseph Mayr, Sigmund Pagliarucci Edler v. Kieselstein, parish priest Johann Chrysostomus Pochlin, merchant Michael Rainisch, Johann Rosmann, court councillor and legal adviser Maximilian von Wurzbach-Tannenberg and glazier Franz Zeschko.¹¹⁸

A group of founders met on 3 November 1820. They agreed and wrote down all the details about the governance of the new institution. The founders divided the duties among the other members and outlined the tasks. Mayor Hradeczky took charge of the office, and he was also responsible for the care of all books, seals, and documents. Mulle was chosen as his deputy. Candutsch, a merchant, provided a room in his office at Main Square 260 (now City Square 22), where the Savings Bank had a table and a special safe for cash. By agreement with Candutsch, his bookkeeper Kham was appointed supervisor, who simultaneously kept a cash register and, with the cashier, signed the account books and documents issued to customers. He was

116 SI AS 437, f. 38, *Ustanovitev Kranjske hranilnice*, 3.

117 District Governor (Bezirkshauptmann).

118 SI AS 437, f. 38, *Ustanovitev Kranjske hranilnice*, 3–4. *Illyrisches Blatt*, 27 October 1820, 173–74, *Nachricht*.

promised a reward for his services during this probationary year. Gallé, Mulle, Seunig, and Wagner took turns conducting the cashier's business by appointment. Alternately, one was responsible for the proper condition of the treasury, in case of a fire, burglary or other disaster. When the cashier was handed over, a bill of exchange was to be issued with the exact number of account books and other published records. All directors had the right to review the work of the office or treasurer and call a meeting with others for advice. They suggested Dr Wurzbach and Dr Eberl, two lawyers, to take over the administration as free consultants. The co-founders agreed that each member did not have to remain in the association after the end of December 1821, but they were to give notice of resignation by 1 October 1821.¹¹⁹ The Carniolan Savings Bank opened for business on 4 November 1820. The first accounts were opened, and the first depositors began to receive interest. They deposited money on 30 October 1820.¹²⁰

A transitional period during which the provisional association administered the Carniolan Savings Bank lasted from 4 November 1820 to 31 December 1822. During this period, the Management Board drew up the final Statutes and Rules of Procedure and submitted them to the Imperial-Royal government in Ljubljana on 16 January 1822. The application also included a request for final approval of the Permanent Savings Bank Association. Governor Sweerts-Spork confirmed the rules and promised the Savings Bank a separate document, which was published on 1 March 1822. The United Court Chancellery obtained the governor's approval by decree of 17 May 1822, and the Carniolan Savings Bank in Ljubljana was finally established. The provisional association was dissolved on 6 May 1822, and the Permanent Savings Bank Association of the Ljubljana

119 SI AS 437, f. 38, *Ustanovitev Kranjske hranilnice* (3, 4–6). SI AS 437, f. 38, *Statuten und Geschäftsordnung* 1822, 1.

120 SI AS 437, f. 38, *Provisorische Statuten*, 1. SI ZAL LJU 362, f. 29, Denkschrift, 1870, 10.

Savings Bank took over all its assets and liabilities.¹²¹ The new President of the Carniolan Savings Bank Association was Provost Jurij Gollmayer.¹²² Mayor Hradeczky took over the position of Office director and held it until 1827.¹²³

121 Carniolan Savings Bank changed its name several times. At first it was called the "Ljubljana Savings Bank," but in 1828 it was renamed "Illyrian Savings Bank". For the longest time was "Carniolan Savings Bank," the name acquired in 1845 and changed only in 1931 to "Savings Bank of Drava Banat".

SI AS 437, f. 38, Hranilnica Dravske banovine Ljubljana (Sparkasse des Draubanates in Ljubljana), 1.

122 Georg Gollmayer (1755–1822) was religious scholar, theologian, a vicar general and priest. – *Gollmayer, Jurij* (1755–1822), *Slovenska biografija*.

123 SI AS 437, f. 38, *Ustanovitev Kranjske hranilnice*, 6–7.

LEGAL BASIS FOR THE ESTABLISHMENT, OPERATIONS AND STATE CONTROL

In the first half of the 19th century, groups of wealthier residents usually established local savings banks according to informal rules. These individuals organised themselves into associations responsible for the operation and guaranteed the deposits. The members appointed as “founders” raised the initial capital and took responsibility for the solvency of the Savings Bank until a sufficient and robust Reserve Fund was built up. The Savings Bank had the status of an independent legal entity. The legal basis for the Savings Bank business was the official (ultimately imperial) approval of the association to establish a Savings Bank and the Statute, which the government approved. The primary function was to accept and remunerate small deposits from the lower classes of the population. The investment of the funds collected focused mainly on mortgage loans, the purchase of government bonds and shares in the Austrian National Bank (Österreichischen Nationalbank, founded in 1816).¹²⁴

Savings banks proved to be beneficial institutions, filling the void in the credit market. Due to the importance they had acquired over time, the authorities sought to facilitate the further development of these institutions in every possible way. The

¹²⁴ Dirninger, Institutioneller Wandel, 32–33.

state was interested in establishing such institutions in as many places as possible and throughout the entire Monarchy. It soon became clear, however, that the previous practice of setting up and organising savings banks without clear guidelines was no longer adequate for the stage of their development and the increasing scope of their activities. One of the main problems was that the savings banks found it very difficult to comply with the rules and did not accept higher amounts of money, even though they were interest-free. As the most important Savings Bank in the Habsburg Monarchy, the First Austrian Savings Bank was the first to attract the attention of the government. Since its foundation, it has been regarded as an exemplary model for all savings banks. In 1836, as an experiment, the government commissioned Baron Nell von Nellenburg, a Commissioner, to assess the situation of the Savings Bank and propose improvements to working conditions.¹²⁵

Commissioner von Nellenburg initiated an investigation into the actions of Savings Bank in Vienna and submitted the report. Besides the general description, he also presented the measures taken to rehabilitate the Savings Bank. Baron von Nellenburg pointed out that the Savings Banks of the Monarchy collectively managed a capital of over 25 million guildens and considered it a good time to draw up instructions for these financial institutions and clear guidelines for their operations and management. He proposed that the activities of the savings banks should be limited exclusively to the collection of savings from the lower classes of the population and to the narrow local area of the city in which the Savings Bank was located. He also thought it necessary to introduce strict control by the political authorities. He also proposed the establishment of a separate central institution for investments and mortgage loans to minimise the risks in the investment business and to ensure the liquidity of the transactions. All savings banks in the Habsburg Monarchy were to invest their capital exclusively in this central

125 Thausing, *Hundert Jahre Sparkasse*, 81.

institution. As a solution, von Nellenburg proposed that the First Austrian Savings Bank be restructured into the central investment institution.¹²⁶

The realisation of Baron von Nellenburg's concept would mean the liquidation of all savings banks already established and operating on the old principles. This concept was neither in the state's interest nor that of the First Austrian Savings Bank. Therefore, in 1838, the Emperor issued a mandate to the head of the government. He had to draw up a guideline for the foundation and operation of savings banks. Other savings banks were also invited to contribute their assessment of the operating conditions, any shortcomings and suggestions for improvement.¹²⁷ The Carniolan Savings Bank responded to the mentioned call and sent its report in August 1844. The report stated that changes were urgently needed to accelerate progress and expand the business of the Savings Bank. Most troubling was that the members of the association could no longer guarantee the liquidity of the institution. The assets of the Savings Bank far exceeded the amount for which they could provide cover with their funds, so they proposed that the Reserve Fund be made the sole and primary guarantor of the Savings Bank's operations.¹²⁸

The Emperor appointed a committee that worked on the legislation for six long years. Finally, on 2 September 1844, the Emperor passed a resolution and approved the law. A little later, on 26 September 1844, the government also passed the Savings Bank Regulation, the *Sparregulativ*. The Regulation was described in the introductory lines as a "legal guideline" for the establishment and supervision of Savings Bank operations and had one content.¹²⁹

126 Ibid., 82–84. Fritz, *150 Jahre Sparkassen*, 151.

127 Fritz, *150 Jahre Sparkassen*, 150–52.

128 AT-OeStA/HHStA SB Auersperg VII-A-13-27, *Entwurf der künftigen Textierung der Statuten der Sparkasse zu Laibach*.

129 Dirninger, *Institutioneller Wandel*, 35. Greisinger, *Die Mustersatzungen der Sparkassen*, 14.

State control over the establishment and operation of savings banks was regulated by Article 27 of the Savings Bank Regulation. In the early years, control was in the hands of the United Court Chancellery. From 1848 until the end of World War I and the collapse of the Monarchy in 1918, the Ministry of the Interior had control over savings banks. The State Commissioner exercised direct state control. The savings banks informed the Commissioner about transactions, deposits, mortgage loans and other forms of investment business. The Commissioner had the right to call attention to all irregularities and to follow general orders. He was present at the general meetings of the Savings Bank.¹³⁰

The preamble to the Regulation defined savings banks as non-profit institutions whose purpose is to improve the economic situation of the poorer sections of the population. Although the authorities recognised the potential of savings banks for broader economic activity, the Ordinance introduced no significant innovations. The purpose of these institutions remained the same.¹³¹ The Regulation also affected the institutional structure of the savings banks. Members of the Management Board were exempt from receiving benefits for their interests. Savings banks were not corporations, which meant that they did not pay dividends or similar rewards to their members. The president, vice president, and employees of the association could not apply for credit. They may not borrow money from the institution in which they held an important position. Other members were excluded only during the decision-making process related to handling their case.¹³²

Article 12 of the Regulation permitted savings banks to devote a portion of their net profits to charitable purposes: "When the Reserve Fund reaches an amount greater than that required for the operation of the institution, a certain amount

130 Greisinger, *Die Mustersatzungen der Sparkassen*, 7, 13.

131 Hahn-Oberthaler, *170 Jahre Sparkasse Oberösterreich*, 12.

132 Dirninger, *Institutioneller Wandel*, 37. SI ZAL LJU 362, f. 18, Interessenten Einlagsbuch der Sparkasse zu Laibach. Pravila in opravilni red kranjske hranilnice v Ljubljani [1867], 8.

may, unless the Statutes otherwise provide, be appropriated for charitable purposes with the prior approval of the supervisory authority.”¹³³

In the continuation of the same article, however, it was stipulated that each Savings Bank had to maintain a Special Reserve Fund, which should cover all possible business losses.¹³⁴ The authority determined this Reserve Fund based on the Savings Bank’s business performance and size.¹³⁵

The Savings Bank Regulation set forth the general rules for operating savings banks in local communities. It was established by the State Commissioner, who supervised the business and reported to the state authorities. Savings banks could accept many deposits, but had to set a minimum and a maximum amount. The authorities tried to limit savings banks to small savings, as they were not intended to accumulate larger sums of capital. They knew they could help.¹³⁶ With this decree, the state explicitly defined the socio-political function and thus the general mode of operation of the savings banks. Socio-political activity was therefore part of the explicitly standardised structure of Savings Bank operations.

Although the Regulation was a significant step in developing the savings banks, it soon became apparent that it introduced limited and rigid rules that neither followed developments nor allowed greater freedom in capital management. The regulations and legal bases had to be adjusted again. The Ministry of the Interior introduced the changes through *model Statutes*. In the second half of the 19th century, the Ministry issued four model Statutes that served as a reference. These model Statutes resulted from a statutory Regulation that was far too general. The first two documents, published in 1853 and

133 SI AS 437, f. 38, Das Regulativ für die Bildung, Einrichtung und Überwachung der Sparkassen, 2 November 1844, 4 [own translation].

134 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 28.

135 Greisinger, *Die Mustersatzungen der Sparkassen*, 14. Lazarević, *Plasti prostora in časa*, 126–27.

136 Lazarević, *Plasti prostora in časa*, 126–27.

1855, were relevant only to savings banks established by the municipality. Carniolan Savings Bank was a private institution, so the model Statutes were not of much relevance to its operations. The only change was that the Ministry of the Interior, rather than the Emperor, approved the dissolution of the institution.¹³⁷

The state government considered revising the Savings Bank Regulation in 1865. Those institutions were significant for the local economic and social life. It was necessary to remove the provisions, which reduced the competitiveness of savings banks in the Austrian economy's general credit policy. Despite the great efforts, Regulation Form 1844 remained unchanged. However, the new initiative did not last long due to the growing number of open issues. The Ministry issued a new Model Statute on 17 June 1872.¹³⁸ In 1872, they abolished the maximum amount allowed in savings accounts, which opened access to the Savings Bank for wealthier segments of the population. Mortgage loans have a privileged position in the business of savings banks. Therefore, the basic structure of the asset side in the balance sheet of savings banks has remained largely unchanged. During the period under consideration, the original purpose of the Carniolan Savings Banks also changed, as they utilised surplus funds to support social, cultural, and community institutions, as well as financially demanding economic and social projects. Nevertheless, savings banks have gained the opportunity to grant loans to municipalities and provinces.¹³⁹ Although the Model Statute made this possible, Carniolan Savings Bank did not introduce lending to cities until the late 1880s. From 1889, it supported projects of the municipality of Ljubljana.

The last Model statute was promulgated by the Austro-Hungarian government in 1892. The most significant change concerned the use of the savings banks' funds. Since 1892, each Savings Bank had a Special Reserve Fund to cover losses due

137 Greisinger, *Die Mustersatzungen der Sparkassen*, 14, 18.

138 Ibid., 18.

139 Ibid., 19.

to stock market fluctuations. From the perspective of Austrian legislation, the savings banks held a prominent socio-political position. The *humanitarian phraseology* played a decisive role in developing the social aspect of savings banks; they were gradually shaped into institutions of exceptional political and economic importance.¹⁴⁰

Statutes and Rules of Procedure of the Carniolan Savings Bank

The first two years of the Carniolan Savings Bank's operation can be described as an early period, when it was run by a "provisional" or temporary association. During this period, the Savings Bank had a *Provisional Statute*, which was issued on 13 October 1820. The Statute contained only ten articles. The first article defined the purpose of the institution, and the last regulated the procedure for liquidation. The other eight articles presented the business with customers and the rules for accepting money in more detail.¹⁴¹ The document made no provision for the possibility of capital investment. The founders believed it would be more effective for the Savings Bank to operate solely as a financial institution, holding the people's money in trust. They provided funds raised by the founders and other association members, and donated money from wealthier association members in return for the promised interest from their depositors.

The model was the First Austrian Savings Bank. Many savings banks were established in the major cities of the Habsburg Monarchy. This was also the case with the Statute of August 1819, which served as a model document for all Savings Bank foundations in the first half of the 19th century. Thus, the founders of Carniolan Saving Bank also used the document to draw

140 Ibid., 26–27.

141 SI AS 437, f. 38, *Provisorische Statuten*.

up the final rules and *Rules of procedure* for their Institution. In 1822, they replaced the *Provisional Statute* with a new one. *The Statute of the Carniolan Savings Bank* had only 27 articles, seven less than that of the Viennese Savings Bank. In terms of content, however, it did not deviate and covered the same areas. The difference lay in the preamble, which contained a brief description of how Carniolan Savings Bank came into being. The aim and purpose were included in the first article.¹⁴²

The Statute explicitly emphasised that Carniolan Savings Bank offered its services to all people regardless of age, gender, class, or nationality. Priority, however, was to be given to serving the lower classes of society. The Statute also introduced innovations. The Savings Bank had to have a Reserve Fund to protect the money received from depositors. The Reserve Fund accumulated the capital obtained from the net profit. After all current expenses were covered, the surplus was deposited into the designated fund. Although the founders divided the functions among themselves and ran the business for the first few years of operation, they planned to recruit officials who received a salary. The 1822 Statute contained a paragraph on employed officials.¹⁴³

Besides the Statute, the Rules of Procedure regulated the activities of the Savings Bank. The Rules of Procedure laid down the precise principles by which the members of the Savings Bank Association, its governing bodies, and its employees operated. The most important was the last, 13th article about the management of the capital received. The Savings Bank could invest the money as mortgage loans with a guaranteed lowest interest rate. Additionally, the population of Ljubljana and its surroundings had priority in granting loans.¹⁴⁴

142 Fritz, *150 Jahre Sparkassen*, 147–48.

143 SI AS 437, f. 38, Statuten und Geschäftsordnung der Spar-Casse in Laibach [1822], 5.

144 Ibid., 8–9.

The management of the Carniolan Savings Bank sent a proposal with amendments to the Statute to Vienna in August 1844. The Savings Bank Board concluded that the association's members could no longer provide security with their assets, as the volume of business had increased. For proper functioning, it was necessary to change the structure of the security institutions.¹⁴⁵ Since then, the Reserve Fund has been the main guarantee in the event of any crisis.

The codification of legal norms was completed with the Savings Bank Regulation, marking the end of the first period of legal development for the Austrian Savings Bank system. The Statutes of the individual savings banks complemented the comprehensive framework of the Ordinance. Following the publication of the Regulation, a process commenced in which all existing savings banks were required to adjust their internal rules to comply with the Regulation. This adaptation was a lengthy process. The First Austrian Savings Bank also faced numerous challenges, despite having a significant impact on the enactment of the legislation. It finally adapted its Statute in 1852, two years after the Carniolan Savings Bank.¹⁴⁶ The Ljubljana Savings Bank received the new rules in 1850, although it had sent a proposal to amend both documents a few months before the Regulation was announced.¹⁴⁷

The new Statute had 40 articles. The Rules of Procedure were not in a separate document, as they were contained within the Statute. The outline of the document was hung. Besides the purpose of the Savings Bank, as stated in the first article, the activities of the individual Board members were described in more detail. The members of the association did not yet have the right to obtain benefits. Article 16 was important because it specified the minimum and maximum amounts that the Savings Bank could accept on a savings account. Unlike the previous Statute,

145 AT-OeStA/HHSta SB Auersperg VII-A-13-27, *Entwurf der künftigen Textierung der Statuten der Sparkasse zu Laibach*.

146 Fritz, *150 Jahre Sparkassen*, 155–56.

147 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 47.

the new Statute had several articles that dealt with investments. The Savings Bank had several ways to invest its capital, namely in mortgage loans, the purchase of government bonds and bills of exchange, and Lombard loans on gold and silver money. The use of the Reserve Fund was also extended under Article 12 of the Savings Bank Regulation. The Board of Directors could donate a certain amount of the annual net profit to charity if the Reserve Fund exceeded 5 per cent of the money invested in the Savings Bank. The Savings Bank had the right to transfer money to the Reserve Fund if the depositor did not withdraw their money or deposit the new amount within 40 years.¹⁴⁸

The 1850 Statute was in effect for the next 17 years until the Ministry of the Interior approved the new Statute and Rules of Procedure on 24 December 1867. These two documents were in effect, with some amendments, until 1912. The documents from 1867 were published in the Slovenian and German languages.¹⁴⁹ With this move, the Savings Bank sought to attract potential depositors. It can be understood as an adaptation to new circumstances, marking the beginning of national differentiation.¹⁵⁰

The Statute contained 25 articles and regulated the following areas: the purpose of a Savings Bank, the Association, deposit management, investment business, and asset management of the Savings Bank. Carniolan Savings Bank added government bonds to the investment range in 1848. However, this investment was not precisely defined until the 1867 Statute. The Savings Bank also required government approval for investments in real estate.¹⁵¹ The rules also allowed savings banks to use their assets to cover operating costs, as the annual profit did not suffice. Additionally, the management utilised the capital to secure

148 SI AS 437, f. 38, Statuten der Sparcasse in Laibach. [1850].

149 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 47.

150 Clashes between German and Slovenian ethnic groups in the province of Carniola began with a brawl in Ljubljana in 1867. – Matić, *Nemci v Ljubljani*, 46.

151 SI ZAL LJU 362, f. 18, Interessenten Einlagsbuch der Sparkasse zu Laibach. Pravila in oporilni red kranjske hranilnice v Ljubljani [1867], 1–8.

the funds received from depositors. The rest of the yearly profit was earmarked for charitable purposes in the city of Ljubljana and the country.¹⁵²

The Statute contained only the listed ways to invest the capital. Therefore, *The Rules of Procedure* defined more precisely the course of transactions involving mortgage loans and collateral loan business in more detail. Several articles specified the conditions and obligation to repay loans.¹⁵³

The 1867 Statute and Rules were in effect until 1912, with some changes. The most significant changes followed five years after their publication. During the period from 1867 to 1912, the Savings Bank amended only specific articles of its Statute. The amendments concerned and most frequently related to Article 8 on interest deposits and Article 17, which related to investments.¹⁵⁴

In 1872, the Austro-Hungarian government adopted a new *Model Statute* amending the Savings Bank Regulation.¹⁵⁵ The government found that savings banks had tremendous potential and could contribute more to regional and broader economic development. Eliminating the maximum permitted amount on one account followed and opened access to the Savings Bank for more affluent population segments. The supervisory authority insisted that these institutions must invest a significant portion of their deposits in simple and highly liquid assets in these years.¹⁵⁶

In 1873, Article 17 of the Statutes was expanded, and a new indent appeared in the list of possibilities for investments. At the General Assembly on 25 September 1873, the Savings Bank established the Credit Association, which provided loans mainly to craftsmen and merchants. The Carniolan Savings Bank provided a portion of its capital to the Credit Association

¹⁵² Ibid.

¹⁵³ Ibid., 16–21.

¹⁵⁴ SI ZAL LJU 362, f. 29, Denkschrift, 1895, 11.

¹⁵⁵ Ibid.

¹⁵⁶ Fritz, *150 Jahre Sparkassen*, 613–14.

each year. Another significant extension of Article 17 took place at the General Assembly on 12 July 1888. The Board introduced loans for municipalities, districts and provinces.¹⁵⁷ The financial institution expanded its activities to public works and began intensive cooperation with the city government by financing more ambitious local economic and social projects.

The management of the Carniolan Savings Bank initiated a discussion on amending the Statute in the General Assembly on 30 December 1909. The Government of the Province of Carniola finally approved the new Statute on 25 February 1912. All the amendments adopted at the General Assemblies since 1867 were incorporated into the Statute. The most significant change pertains to the second article of the Statutes, which concerns the members of the Carniolan Savings Bank Association. Until 1912, only an Austrian citizen with a permanent residence in Ljubljana could be a member of the Association. From 1912, however, the right to membership was extended. The Association was open to any Austrian citizen who resided in the Province of Carniola, managed their property freely and possessed both political and civil rights.¹⁵⁸

157 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 13–14.

158 *Pravila in opravilni red Kranjske hranilnice 1912*, 5.

ADMINISTRATION

Organisational Structure

The Carniolan Savings Bank was organised as an association. It was founded without a founding fund or other capital, as local authorities usually required of a profit-making institution.¹⁵⁹ This type of savings bank was characteristic of the first wave of foundations in Austria and dominated until 1844, when municipalities took over the founding and administrative initiative.¹⁶⁰

The supreme body responsible for all business and managing the Savings Bank was the General Assembly of the Carniolan Savings Bank Association. The General Assembly consisted of all members of the association, who had equal rights and duties, and discussed any new proposal affecting all areas of the Savings Bank's operations. The members of the Carniolan Savings Bank Association were empowered to elect new members in these meetings. They also handled all critical issues affecting the Savings Bank Association, including the preparation and approval of all rules, such as the Statute and Rules of Procedure, instructions to officials and servants, and deciding

159 SI AS 437, f. 38, *Ustanovitev Kranjske hranilnice*, 8.

160 Dirninger, *Institutioneller Wandel*, 32.

on the dissolution of the Association and the liquidation of the Savings Bank. They also agreed on the number of employed officials, salaries, and retirement benefits. Since 1868, the pension fund has been under the jurisdiction of the General Assembly. At the meetings, the members deliberated and decided on all matters that did not fall within the competence of the Board of Directors, such as the final approval of the annual accounts and the yearly report of the previous year, proposals to change the interest rates for deposits, mortgage loans, collateral loans, and the pawnbroking business.¹⁶¹

The General Assembly typically met twice a year, and in addition, the Association's members held extraordinary meetings at the President's invitation. A special audit committee of three Association members examined and reviewed the financial transactions of the year. They could not be members of the Management Committee. The members of this special committee were elected at the General Assembly.¹⁶²

At the spring meeting, the members of the Carniolan Saving Bank Association were primarily concerned with the annual report for the previous year. They had to approve the report and the annual accounts after the audit was completed. However, at the end of the year, they met again for a regular meeting to discuss the budget for the following year and to elect new members of the governing body. At least half of the members had to be present to form a quorum, and an absolute majority of the members present decided the election. If a tie occurred, the president of the association or their deputy would decide.¹⁶³

Besides the supreme body, the Board of Directors, whose officers were elected from among the members of the association, administered all the financial affairs of the Savings Bank. Positions on this Board were filled according to a specific election procedure at regular and special meetings of the General

161 *Pravila in opravilni red Kranjske hranilnice 1912*, 35.

162 *Ibid.*, 33, 35.

163 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 50.

Assembly. The members of the committee were the president, his deputy, the directors, the trustees and, from 1844, the legal advisers. Except for the legal adviser, all members of the Committee could vote. An absolute majority had to pass resolutions.¹⁶⁴ The most important task of the committee, however, was the management of the capital, investments, and lending of the Savings Bank, as outlined in Article 17. In addition, annual reports, final accounts and all other proposals were discussed and prepared in the committee meetings, which were then adopted by the General Assembly of the Carniolan Savings Bank's Association.¹⁶⁵

The president of the Savings Bank Association represents the association and, by extension, the Savings Bank itself in the public sphere. All other members of the association, organs and their representatives were subordinate to him. The president convened and presided over the meetings of the General Assembly and the Board of Directors. His task was to determine the plan; he also supervised compliance with the Statutes (the Statute and the Rules of Procedure), which regulated the operation of the Savings Bank in more detail. The president had the right to suspend resolutions and decisions made at meetings of the Board of Directors. If it was necessary to prepare cash and it was impossible to wait for the Board meeting, he could do all the work himself and then report to the said Board. He also signed legally binding documents with two other directors. In the chairman's absence, his deputy had all the rights and duties.¹⁶⁶

The proper functioning of the Savings Bank was ensured by a supervisory body consisting of trustees. The trustees not only attended the meetings of the Board of Directors but could also inspect the financial books and the cash register at any time, without prior notice. They also ensured strict compliance with the rules and other regulations as proposed by the Savings

164 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 50. *Pravila in opravilni red Kranjske hranilnice 1912*, 37.

165 *Pravila in opravilni red Kranjske hranilnice 1912*, 39.

166 *Ibid.*, 29, 31.

Bank.¹⁶⁷ As part of their regular duties, the trustees examined all the books of account, the general treasuries, and the stock of private bonds, pledged government securities, gold and silver money at least four times a year. They reported all findings at the following meeting of the Board of Directors. The directors, the most numerous part of the administration, signed all legal documents and checked the cash balance weekly. They also reported on the general state of the Savings Bank's affairs at the committee meetings.¹⁶⁸

The central management of the Savings Bank consisted of ten persons in total during the founding years. Besides the president and his deputy, there were three trustees and five directors. The total of the Board rose to 14 in 1837, and from 1841 it levelled off at 15, including four trustees and eight directors. This situation remained unchanged until the end of the period under consideration, in 1919. All the above functions (president, deputy, directors and trustees) were honorary and without financial compensation or reward, except for the legal adviser.

The Savings Bank Regulation of 1844 led to an expansion of the administration, and the Savings Bank introduced two new positions. The position was held by the aforementioned legal adviser, who also typically served as office manager. The second position was held by a state representative, specifically a State Commissioner. The State Commissioner oversaw the operation of the Savings Bank in accordance with Article 27 of the Regulation.¹⁶⁹ He was present at the meetings of the General Assembly. He had the right to stop any decision of the administration that violated the state Regulation or the internal rules of the financial institution.¹⁷⁰

167 Dirninger, *Institutioneller Wandel*, 33–34.

168 *Pravila in opravilni red Kranjske hranilnice* 1912, 41.

169 *Ibid.*, 25.

170 SI AS 437, f. 38, Das Regulativ für die Bildung, Einrichtung und Überwachung der Sparkassen, 2 November 1844, 10–11.

Officials and Business Development

The Book published for the 50th anniversary of the Carniolan Savings Bank informs us that the principle in running the office was to treat clients and efficiently and to safely manipulate the capital received.¹⁷¹ In the formative years, the founders of the Carniolan Savings Bank divided duties as the institution's business was not yet developed and expansion was imminent. Besides the roles of director and trustee, it was necessary to fill the position of office manager. Georg Mulle, one of the founders, assumed responsibility for this task. He was simultaneously one director and fulfilled the duties of bookkeeper and treasurer.¹⁷²

The management of the Savings Bank foresaw the need for paid staff for office work in the Statute published in 1822. Therefore, Mulle resigned as director in 1826 because he became the first paid official of the Carniolan Savings Bank. Since then, he was compensated for his work with an annual bonus. This financial compensation gradually increased as the work and assets of the institution developed. He also covered the costs of office supplies, cleaning and heating of the business premises with the salary he received. The first business premises of the Carniolan Savings Bank were in the room of the merchant and one of the founders, Kasper Cantusch, at the main square 260 (today's house at the corner of Krojaška ulica 2 and Mestni trg 21). The Savings Bank had only a desk and a cash register.¹⁷³ With a single paid employee, successful growth soon forced the association's leadership to delegate administrative duties to another employee. In 1830, they hired an assistant who received a monthly salary.¹⁷⁴

From the beginning, the branch manager organised the work and was responsible for the proper functioning of the Savings Bank. Until 1844, one director of the association also served

171 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 48.

172 SI AS 437, f. 38, *Ustanovitev Kranjske hranilnice*, 9.

173 Ibid.

174 *Rechnungs-Abschluss* (1830).

as the branch manager. Following the publication of the Savings Bank Regulation, the office manager's proclamation constituted an independent position. Since then, the office manager has performed work at various levels. He constituted the link between the central management and the salaried officials. On the one hand, he was directly subordinate to the president of the Institute, and he was the superior of all employees of the Savings Bank.¹⁷⁵ He also continued to attend the Board of Directors' meetings on a weekly basis.

The professionalisation of officials and the emergence of qualified employees in savings banks was evident with the increase in the volume of business and various opportunities to invest acquired capital in larger savings banks, with the association organisation introducing employees before the publication of Savings Bank Regulation. In addition, neither the 1844 Savings Bank Regulation nor the model Statutes that supplemented it provided for specifically acquired skills for employees. Only the office manager had to have appropriate legal training. However, this problem could also be addressed in another way, namely by appointing a special legal advisor.¹⁷⁶ However, beginning in the late 1880s, the positions of office manager and legal counsel were held by the same person. This person was usually a law graduate.

Changes in the scope and structure of the business resulted in significant adjustments to the size and composition of the Savings Bank staff. The administrative organisation chosen in the early days reflected the charitable intent of its founders.¹⁷⁷ Furthermore, it was in their interest to limit additional costs that might jeopardise the institution's business. Therefore, they did their work without compensation, either financial or otherwise. But the increased workload that came with success and growth

175 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 48.

176 Dirninger, *Institutioneller Wandel*, 38–39.

177 Davis and Lester Payne, *From Benevolence to Business*, 393.

could not be met with early structuring.¹⁷⁸ Instead, professional management was needed, and it gradually evolved into Personnel Management of the Carniolan Savings Bank.

Carniolan Savings Bank, like other banks, enacted various written rules of conduct, procedure, and operation. The measures corrected genuine operating errors and enforced punctuality, diligence and order in the workplace.¹⁷⁹ At the General Assembly meeting on 30 December 1882, members confirmed *Instructions to officials*. The booklet was published the following year.¹⁸⁰ The brochure outlined all the duties required of employees by the bank, as well as instructions for maintaining accurate financial records. The publication, however, was preceded by an unpleasant event. In March 1881, the management of the Savings Bank discovered a fraud committed by one of its employees. Jože Presniz was the treasurer of the Savings Bank who speculated on the stock exchange in 1873. The stock market collapse caused him to incur debts, which he covered with the Savings Bank's money. The official was immediately dismissed and put on trial.¹⁸¹ The event contributed to the publication of special rules, intended chiefly for workers. Up to that time, the duties and rights of employees had been determined only by the general Statute and the Rules of Procedure of the Savings Bank.

The following year, 1882, the Savings Bank management introduced double-entry bookkeeping.¹⁸² The use of double-entry bookkeeping and the regular rotation of those who performed it was a classic method of detecting hidden irregularities and errors by officials. In addition, various unrelated bank employees carried vault keys. To avoid complicity, a second person usually

178 Ibid.

179 Reis, *The Employees of the Bank of Portugal*, 212.

180 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 16. SI AS 437, f. 38, Amts-Instruktion für die Beamten der krainischen Sparcasse in Laibach (1883), 1–4.

181 *Slovenski narod*, 27 March 1881, Goljufija v kranjski hranilnici. *Laibacher Wochenblatt*, 9 July 1881, Aus dem Gerichtssaale.

182 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 16.

had to count the cash. The person responsible for cash counting was changed at intervals.¹⁸³

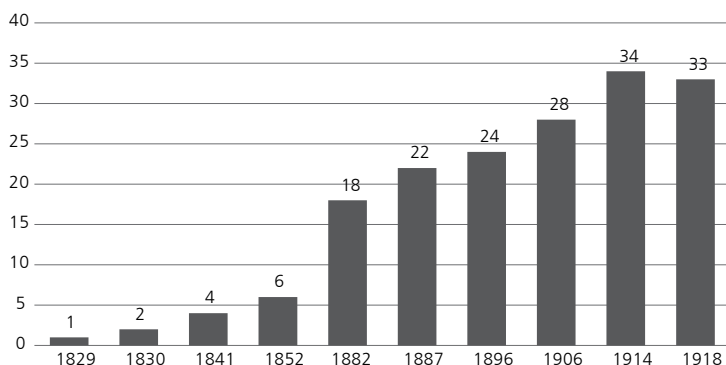
Although most savings banks had service instructions, by the end of the 19th century, there were no general and clearly defined standards for the organisation of business set by the state. Finally, in 1913, a study was made to give general instructions and standardise procedures.¹⁸⁴ But the solution to this problem was postponed after the end of World War I and no longer applied to the Carniolan Savings Bank.

Graph 1 illustrates the gradual increase in the number of employees at the Carniolan Savings Bank. It plots the crucial years when new jobs were introduced, or more significant redistribution took place within the already established job systematisation. Note that some data are missing for the 1860s and 1870s periods. The annual reports from which the data were taken have not survived between 1853 and 1881. Although data are missing, it can still be said that business expansion, especially after 1872, was also accompanied by an increase in the number of employees. In the first period, new jobs were added slowly, and at first, one person was responsible for the entire business operation. A short time later, a new assistant was introduced. In 1841, the Savings Bank employed a recording clerk and an assistant, in addition to the bookkeeper and treasurer. The next change took place in 1852, when the administration introduced the first servant.

183 Reis, The Employees of the Bank of Portugal, 212–13. SI AS 437, f. 38, *Amts-Instruktion für die Beamten der krainischen Sparcasse in Laibach* (1883), 11–12.

184 Dirninger, Institutioneller Wandel, 38–39.

Graph 1 Changes in the number of employees in the Carniolan Savings Bank¹⁸⁵



Carniolan Savings Bank gradually became a large and complex organisation. The total increased from only one in 1829 to 34 in 1914. Most of the increases occurred among the employees. In 1885, the leadership reintroduced day-to-day operations.¹⁸⁶ Up to that time, however, it was open to customers only three days a week. The remaining two days were reserved for a pawnshop.

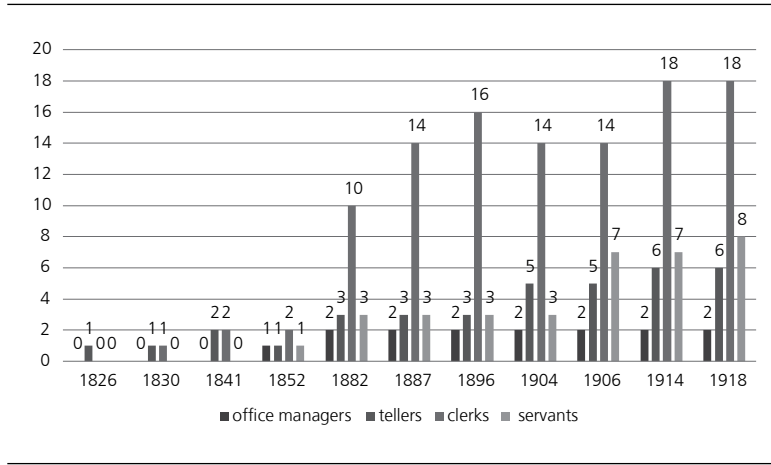
The data collected shows a bifurcated job system with four categories of employees: *office managers*, *tellers*, *clerks*, and *servants*. The office director and secretary were in the first group of *office managers*. This group maintained its permanence and did not undergo structural changes. The second group, called *tellers*, consisted of more specific financial experts such as bookkeepers, treasurers, and supervisors. The largest and most dynamic group was the third, called clerks. Clerical work ranged from routine copying to preparing the most detailed accounts

¹⁸⁵ *Rechnungs-Abschluß* (1828–1918).

¹⁸⁶ SI ZAL LJU 362, f. 29, Denkschrift, 1895, 16.

and legal documents.¹⁸⁷ The term “clerk” encompasses a broad category, representing various occupations, skills, and levels of responsibility. Here, it is most appropriate to refer to a group of the lower bureaucracy who worked at Carniolan Savings Bank. Clerks were individuals who held a subordinate position in an office, often serving as assistant clerks, assistants, or helpers. Servants, a group of support staff, constituted the fourth group of employees in the Savings Bank. The prominent positions in this group were watchmen, messengers, and workmen.

Graph 2 Structure of employees in the Carniolan Savings Bank¹⁸⁸



As Graph 2 shows, from the 1880s to the end of the 19th century, the administration of the Carniolan Savings Bank consisted of two managing staff members, three tellers, three servants, and 10 to 16 clerks. In 1890, two apprentices joined a group of *clerks* in place of two assistants. However, this practice was only an experiment that did not last long, and apprenticeship programs only existed until 1896. The numbers of the

187 Boot, *Salaries and Career Earnings in the Bank of Scotland*, 637.

188 SI AS 437, f. 38, Ustanovitev Kranjske hranilnice, 9. *Rechnungs-Abschluß* (1828–1918).

other groups grew remarkably little. The group of tellers did not expand until the early years of the 20th century, when the senior bookkeeper was introduced. The outbreak of World War I brought a significant change in the employment structure. For the first time, three female assistant clerks were hired. Up to this time, only men had occupied the Carniolan Savings Bank. Only a few women were employed in other financial institutions, mainly in lower positions.¹⁸⁹ However, a shortage of men due to conscription¹⁹⁰ has influenced, and practice changed.

The *Book of Employees* provides good insight into the service structure and organisation of the Savings Bank. It covers the period from the second half of the 19th century to the first decades of the 20th century. The first two employees in the Book joined the Savings Bank in 1864. Unfortunately, there is only one book in the archives, which prevents a comprehensive survey of the entire period addressed. Nevertheless, the source allows us to reconstruct the pay system, the promotion of employees, the age structure, and the marital status of some employees. It should be noted, however, that the data refer only to the staff groups and not to the lower position occupied by servants.¹⁹¹ Data from the annual reports of the Savings Bank have also been utilised, which include lists of employees organised by position.

Service orders from 1883 do not contain specific instructions on promotion. But it is possible to reconstruct the process of employee promotions from all other available sources. It was a gradual process; when a particular position became vacant, the next person in the hierarchy filled the position, and all employees advanced one position. A new employee also filled the position of the lowest official. All new officers hired by the Savings Bank began their careers at the lowest position in a group of clerks. The appointment was open-ended, and according to the scale, the clerk progressively moved up. Additionally, when

189 Fischer, *Družba, gospodarstvo, prebivalstvo*, 210.

190 SI ZAL LJU 176, f. 29, *Kranjska hranilnica v letu 1916*.

191 SI ZAL LJU 176, f. 17, *Knjiga uslužbencev*.

management advertised a new position due to an increase in staff, there were also changes when a clerk retired or passed away.

The data collected also provides insight into the hierarchy of officials at the Carniolan Savings Bank. In 1890, Josef Röger, an apprentice, joined the institution. At the end of March 1890, the management of the Savings Bank hired two new trainees. From a call for applications published in the *Laibacher Zeitung*, the Savings Bank management expected knowledge of both languages, Slovenian and German. The candidates were to graduate from a gymnasium or another secondary school.¹⁹² Forty-three candidates applied for the positions, including Josef Röger. He made it into the shortlist of six candidates, from which he garnered the most votes.¹⁹³ His career is exemplary, dating back to 1918, when he was hired as a bookkeeper. Röger started at the lowest level of *clerks* (lower official positions) and progressed to a group of *tellers* (higher official positions). Officials could receive promotions by gaining experience. Röger progressed slowly. He progressed through all the positions in the clerk group: record keeper, assistant, junior official, and official. He joined the *teller* group in 1909, when he was appointed secretary of the Credit Association. Finally, during World War I, he worked as a bookkeeper.¹⁹⁴

Over 80 per cent of the new hires were in their 20s, and those about whom the Book contains information were single. A striking pattern emerges, showing that they typically married a few years after arriving at the Savings Bank. If one employee died, the widow was entitled to lifetime financial support. As a private institution, the Savings Bank pursued social policy and cared for its employees. The pension fund for employees also speaks for this. A pension fund for employees is a special reserve. This is evident from earlier annual and semi-annual

192 *Laibacher Zeitung*, 3 April 1890, 606, Concurs-Ausschreibung.

193 SI AS 437, f. 7, 552 Protokoll, 22 May 1890. SI AS 437, f. 7, Competenten Tabelle für die ungeschriebener von zwei Praktikanten Stellen der Krainischen Sparkasse.

194 *Rechnungs-Abschluß* (1890–1918).

reports published in the 1850s in the Official Gazette. Since 1868, a pension fund for salaried employees has been compulsory and enshrined in the Savings Bank Statute. However, there was no information about the fund during this period. It was simply part of the final account, but the amount remained unchanged. The fund had the exact value of 80,000 guildens. That changed in the 1890s. Carniolan Savings Bank listed the pension fund as a separate account in its balance sheets. From the early 20th century, the documents also show the investment policy and management of the pension fund. The money from the fund was invested in high-quality securities and other forms of investment, including financing the construction of residential houses in Ljubljana.¹⁹⁵

The payment system that the Savings Bank developed for its employees can be partially reconstructed from the *Book of Employees* mentioned earlier. The Book contains information on creating basic salaries and various supplements, such as family and housing supplements, five-year supplements (quinquennia), and occasional special rewards. From 1914 onwards, it also includes dearness allowances. The five-year supplement was introduced in 1878 and was received by all employees, regardless of their position.¹⁹⁶ However, since no other documents reveal clear criteria and show how the allowances were granted, I will compare the data with analyses conducted for municipal officials and officials from City Savings Bank Ljubljana. This comparison provides a clearer picture of the social standing of civil servants. Basic salaries did not change often. The increase occurred for all employees only in 1873.

Servants in the Carniolan Savings Bank earned about the same annual salary as municipal servants. The *Book of Employees* contains information about Martin Piller. He worked in a Savings Bank as a servant from 1867 and as a handyman from 1872. Although there is little data on salaries in the lowest positions,

195 *Rechnungsabschluss* (1911).

196 SI ZAL LJU 176, f. 17, Knjiga uslužbencev.

Piller's salary gives an insight into the movement of his annual income until his retirement in 1905. His first basic salary was 700 crowns¹⁹⁷ per year.¹⁹⁸ This amount was comparable to the level of salaries provided for similar jobs at the state level. In 1867, the range of salaries for auxiliaries (servants, doormen, admitters, etc.) was between 520 and 800 crowns.¹⁹⁹ By the end of the 19th century, Piller's salary had risen to 1200 crowns. For a more accurate idea and the actual meaning of the amount, I will rely on the findings of Eva Holz. In her article, she writes about the calculations from 1882, which showed that a family of four (one parent with two school-age children) in Ljubljana could not live on an annual salary of 800 crowns. The family's expenses were distributed in such a way that they spent 60 per cent on food, 24 per cent on housing, clothing, shoes, candles and firewood, and another 36 per cent of the monthly salary on school. From 1898, the servants in the municipality had salaries between 800 and 900 crowns a year.²⁰⁰ The Savings Bank servant was in a better position; however, it is difficult to make a realistic estimate because calculations usually overlook the potential earnings of other family members (mainly the wife, but teenage children may also work).²⁰¹ Beyond this, there is no further information about Piller. The Book contains no notes on his marital or family status.

197 Ratio between guldens and crowns were 1:2. All salaries in this chapter were converted into crowns for easier comparison.

198 SI ZAL LJU 176, f. 17, Knjiga uslužbencev.

199 Heindl, *Josephinische Mandarine*, 69.

200 Holz, *Plačevanje ljubljanskih mestnih uradnikov v drugi polovici 19. stoletja*, 76.

201 See: Moring, *Women, family, work and welfare in Europe in the long 19th century*, 119–51.

Table 1 Comparison of basic salaries of the two savings banks in 1913 (in crowns)

	Carniolan Savings Bank ²⁰²	City Savings Bank Ljubljana ²⁰³
Office director	8000	8000
Secretar	5200	6000
Senior bookkeeper	5200	4800
Treasurer	4800	4000
Bookkeeper	4200	4800
Supervisor	4000	4000
Official	3300–3800	3200
Junior official	2500–3000	2600
Assistant	2300–2400	2000
Aspirant ²⁰⁴	1800	1200–1500

The basic salaries of employees were constant from the turn of the century to 1913 and did not change. The data from Table 1 illustrates the distribution of wages among the positions in which employees were employed. The following should be noted: There were five positions in each type of employee (officials, junior officials, and assistants). They were distributed hierarchically, ranging from the fifth (lowest) to the first (highest) position, and had corresponding salaries. They advanced equally within each type, moving up one position or to a vacant position. To illustrate this, a comparison is made with City Savings Bank Ljubljana, which has published a booklet of information for employees. The booklet contains detailed instructions for promotion and tables showing job systematisation and base salary totals for all employees. Table 1 shows that salaries were comparable, with Carniolan Savings Bank staff receiving slightly

202 SI ZAL LJU 176, f. 17, Knjiga uslužbencev.

203 *Določila o dolžnostih in pravicah uradnega osebja pri Mestni hranilnici ljubljanski*, 11.

204 City Savings Bank Ljubljana had an apprentice instead of an aspirant.

more money. However, if we take the annual salary of a full professor in Vienna, which was 4400 crowns in 1906, it can be seen that he was in the range of higher officials (tellers) as supervisor, bookkeeper and cashier. These officials were expected to have experience and specific financial knowledge.²⁰⁵

Using the example of the first female auxiliary officials (Aushilfsbeamten) in 1914, a few other problems could be addressed. They received 840 crowns per year or 70 crowns per month. Karl Hager was also a temporary official who joined the Savings Bank in 1894. He first worked as a servant but was promoted to the clerk group in 1910: His salary as an auxiliary clerk was almost double, 1600 crowns.²⁰⁶ The emoluments of the female officials were on a par with the salaries of the servants. The salary of the male auxiliary officer was comparable to the salaries of earlier lower civil service posts.

Nevertheless, the apparent difference is not surprising, while women generally received less pay for the same work.²⁰⁷ For example, male and female teachers also received different amounts. In 1905, the average annual salary of a male teacher was 1462 crowns. The female teacher received 1164 crowns, i.e. 20 per cent less than her male colleague.²⁰⁸

Two savings banks in Ljubljana, Carniolan Savings Bank and City Savings Bank Ljubljana, could also be compared. The City Savings Bank provided a unique table in the aforementioned brochure with data on the pay of auxiliary officers and the promotions and pay changes based on length of service. The starting salary of auxiliary officials (both male and female) at the City Savings Bank of Ljubljana was 540 crowns. The official received a higher amount already at the first promotion.²⁰⁹ The difference was considerable; the female clerk at Carniolan

205 Cindrić, *Ljubljanski izobraženci skozi čas*, 259.

206 SI ZAL LJU 176, f. 17, Knjiga uslužbencev.

207 For more information, see: Žnidaršič, *Ora et labora*, 6–34.

208 Šuštar, Sindikalna prizadevanja učiteljskih društev za ureditev učiteljskih plač na Kranjskem, 50.

209 *Določila o dolžnostih in pravica uradnega osebja pri Mestni hranilnici ljubljanski*, 11.

Savings Bank received 300 crowns more than the clerk at City Savings Bank of Ljubljana. One reason for the difference in salaries between the employees of the two savings banks is that Carniolan Savings Bank was a private institution with more autonomy than the City Savings Bank of Ljubljana, which was under the mayor's responsibility.

MEMBERSHIP OF THE CARNIOLAN SAVINGS BANK ASSOCIATION

As already mentioned in the section on the development of this financial institution, the Carniolan Savings Bank was established by six founding members. By the end of its first year of existence, a further nine members had joined, bringing the total number of members to 15. By the end of the 1820s, the number had grown to 34, reaching its peak before the end of the first two decades. By 1839, there were 78 and a further eight honorary members. Important representatives of the society were to contribute to the public reputation of the Savings Bank.²¹⁰ Honorary members were elected like regular members at the annual meetings of the General Assembly. Their number was not significant. The list published on the 50th anniversary in 1870 names 25 honorary members.²¹¹ It is only from the second half of the 1880s that the 17th Infantry Regiment Corps of Officers appear as honorary members. Among them, presidents were elected as honorary members after deferring the function. However, little more information about this group can be found in the sources.

The number of regular members stabilised by the beginning of 1850, fluctuating between 50 and 60. Unfortunately,

210 *Pravila in opravilni red Kranjske hranilnice* 1912, 5.

211 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 86–90.

there is no data for the 1860s and 1870s, so the movement of numbers through 1882 cannot be traced. After that year, the numbers fluctuated to a lesser degree. Most of the time, there was an average of 55 people in the association. The lowest number was in 1887 (44) and the highest in 1906 (68).

The following list provides a comprehensive overview of the active Carniolan Savings Bank Association members between 1820 and 1918. This data was compiled from the lists in the jubilee books of 1870 and 1895, which serve as valuable historical records of the organisation's membership development. To ensure accuracy and thoroughness, the information has been supplemented with data from the association's annual reports, published over the years.²¹² These sources not only contain the names of members but also reflect the broader socio-economic context of the time, showing how the composition of the association evolved in parallel with critical historical events and developments in the region. By examining these records, we gain insight into the significant individuals who contributed to realising the association's goals and enabled it to thrive in a changing financial landscape. This list serves as an essential reference tool, shedding light on the various individuals who played a crucial role in shaping the Carniolan Savings Bank and its impact on the community it served.

Aichholzer, Josef 1835–1861 (merchant, homeowner)

Albrecht, Andreas 1824–1831 (a pious writer, priest,
consistorial councillor)

Ambrosch, Michael 1854–1856 (homeowner)

Ambrositsch, Edwin Dr 1906–1918 (lawyer)

Auersperg, Raimund graf 1820 (chamberlain, provincial
councillor and district chief)

Auersperg, Leo graf 1888–1914 (landowner)

212 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 57–84. SI ZAL LJU 362, f. 29, Denkschrift, 1895, 89–105. *Rechnungs-Abschluß* (1828–1918).

Bamberg, Ottomar senior 1879–1919 (printer, publisher, bookseller)
 Bamberg, Ottomar junior 1906–1919 (entrepreneur)
 Barbo, Josef Anton graf 1906–1918 (politician; member of parliament)
 Barlitsch, Franz 1833–1849 (priest)
 Baumgartner, Johann 1852–1856 (merchant and homeowner)
 Baumgartner, Johann 1882–1909 (factory owner)
 Bedentschitsch, Johann 1833–1837 (priest)
 Bernbacher, Ignaz 1833–1849 (merchant in homeowner)
 Bernbacher, Josef 1838–1849 (merchant)
 Bock, Emil Dr 1888–1889 (no information)
 Bock, Emil Dr 1891–1915 (physician)
 Brandis, Clemens grof v. und zu, Exc. 1829–1831 (councillor and chamberlain)
 Burger, Lukas 1821–1848 (priest)
 Burger, Mathias Dr 1829–1856 (lawyer and mayor)
 Bürger, Leopold 1861–1888 (merchant, municipal councillor)
 Bürger, Leopold 1906–1918 (merchant)
 Candutsch, Kaspar 1820–1850 (homeowner; merchant)
 Codelli, Anton, baron 1851–1854 (landowner in Ljubljana)
 Costa, Ethbin Heinrich Dr 1859–1870 (jurist, writer, politician)
 Dagarin, Josef 1824–1845 (priest, theologian)
 Debeuz, Josef 1851–1877 (merchant; city councillor)
 Debeuz, Kaspar 1838–1839 (merchant)
 Deschmann, Michael 1820–1834 (merchant and homeowner)
 Deschmann, Karel 1872–1888 (museum curator, mayor of Ljubljana, politician)
 Doberlet, Franz 1882–1915 (craftsman, firefighter organizer)
 Dralka, Josef 1891–1909 (councillor)
 Drelse, August 1897–1909 (factory owner)
 Dreo, Alexander 1864–1888 (merchant and homeowner)
 Drogenig, Franz 1915–1919 (merchant and homeowner)
 Eger, Ferdinand Dr 1903–1919 (lawyer)
 Eger, Gustav 1915–1919 (factory owner)

Erschen, Josef 1849–1856 (landowner)
 Fischer, Johann 1846–1848 (mayor)
 Fluck, Josef Ernest Edler v. Leidenkron 1828–1837 (provincial councillor)
 Fridrich, Jakob 1845–1849 (merchant)
 Fridrich, Lambert 1906–1910 (homeowner)
 Frörenteich, Leopold 1821–1845 (homeowner)
 Galle, Franz 1820–1852 (merchant)
 Galle, Anton 1852–1862 (lord of the manor and factory owner)
 Galle, Karl 1872–1889 (lord of the manor)
 Galle, Adolf 1891–1919 (landowner)
 Galle, Franz 1897–1919 (lord of the manor)
 Galle, Karl Dr 1906–1919 (financial procurator and secretary)
 Gariboldi, Anton vitez 1879–1916 (entrepreneur)
 Gartenauer, Heinrich, Dr 1906–1919 (professor in gymnasium)
 Gollmayer, Georg 1821–1822 (vicar)
 Gradischek, Faustus 1821–1836 (abbot)
 Graf, Sigmund 1835–1838 (PhD/Doctor of Chemistry)
 Gramzdky, Franz 1829–1846 (pharmacist landowner)
 Gregl, Franz 1827–1849 (merchant and homeowner)
 Gutmannstahl–Benvenutti, Ludwig Dr, pl. vitez 1882–1889
 (lord of the manor; estate Weichselstein ob Savi pri Radečah)
 Guttmann, Johann 1848–1849; 1858–1875 (municipality councillor)
 Hauffen Josef, senior 1869–1880 (merchant and homeowner)
 Hauffen Josef, junior 1906–1919 (senior provincial judicial councillor; president of The Philharmonic Association [Filharmonična družba])
 Heinricher, Johann 1859–1870 (provincial councillor)
 Hohenwart, Franz v. graf 1829–1839 (landowner)
 Hohn, Heinrich Adam 1821–1856 (homeowner)
 Holleggha, Karl Edler von Hollegau 1904–1919 (lieutenant)
 Holzer, Karl 1837–1872 (merchant and homeowner)

Homann, Silvester 1837–1861 (merchant, trafficker and homeowner)

Hradeczky, Johann Nep. 1820–1846 (mayor)

Hradeczky, Karl 1835–1864 (chapter in cathedral chapter – a college of clerics)

Hrovat, Franz 1852–1866 (priest)

Hudovernig, Primus 1842–1850; 1857–1888 (merchant and homeowner)

Hudovernig, Josef 1906–1919 (merchant and homeowner)

Jallen, Simon 1838–1848 (merchant and homeowner)

Janesch, Johann junior 1888–1919 (entrepreneur and homeowner)

Janesch, Johann senior 1872–1884 (landowner and factory owner)

Jerin, Urban 1821–1848 (priest)

Kaltenegger, Fridrich Ritter v. Riedhorst 1869–1891 (jurist)

Kanz, Johan Christian 1832–1833 (merchant and homeowner)

Kanz, Johan Julius 1838–1843 (merchant and homeowner)

Kapretz, Johann 1882–1884 (president of provincial government)

Karinger, Karl 1891–1913 (entrepreneur)

Karun, Franz 1855–1889 (priest)

Kastl, Karl Edler von Traunstatt 1906–1919 (liutenant colonel)

Kastner, Michael 1888–1895 (1896) (homeowner)

Kautschitsch, Matthäus 1845–1862 (Doctor of Law and lawyer)

Keesbacher, Friedrich Dr 1888–1900 (physician, government councillor and in provincial medical officer)

Kleinmayr, Ignaz v. 1829–1852 (accountant and printer)

Klobus, Bernhard 1833–1849 (municipal official)

Knobloch, Franz Ritter v. Südfeld 1882–1907 (colonel)

Kogel, Bernhard 1821–1838 (physician)

Kordin, Josef 1869–1895 (merchant and homeowner)

Kordin, Adolf 1903–1919 (merchant)

Korn, Heinrich 1891–1908 (homeowner)

Kosler, Johann senior 1865–1897 (factory owner)
 Kosler, Johann junior 1891–1919 (factory owner and entrepreneur)
 Kosler, Peter junior 1903–1919 (factory owner and entrepreneur)
 Koss, Anton 1862–1868 (general vicar)
 Köstl, Johann Nep. 1833–1855 (municipal official)
 Kraschovitz, Matthäus 1848–1849 (homeowner)
 Krenner, Max 1891–1895 (head of sales department of Carniolan Constructing Company (Kranjska Stavbna družba d.d. Ljubljana – Krainische Baugesellschaft))
 Krisch, Peter 1915–1919 (homeowner)
 Krischmann, Franz 1848–1873 (homeowner)
 Krisper, Anton 1835–1854 (merchant and homeowner)
 Krisper, Josef 1879–1886 (merchant and homeowner)
 Krisper, Josef Vincenz 1882–1906 (entrepreneur)
 Krisper, Hans 1915–1919 (merchant)
 Krisper, Josef 1915–1917 (merchant)
 Kukh, Andreas 1838–1839 (merchant)
 Laschan, Anton Ritter v. Moorland 1879–1896 (official of provincial government)
 Lassnik, Peter 1872–1906 (merchant and landowner)
 Leskovic, Karl 1882–1904 (entrepreneur)
 Liechtenberg, Leopold baron [Janeschitz] 1903–1915 (deputy of provincial governor and landowner – estate Jablje)
 Luckmann, Josef (Heraklius) 1821–1844; 1859–1874 (bookkeeper)
 Luckmann, Lambert (Carl) 1829–1880 (banker)
 Luckmann, Johann 1872–1893 [1839–1893] (merchant, landowner)
 Luckmann, Josef senior 1867–1904 (banker)
 Luckmann, Karl (Carl) 1879–1906 (director of Carniolan Industrial Company (Kranjska industrijska družba – Krainische Industrie Gesellschaft))
 Luckmann, Anton 1888–1924 (entrepreneur and homeowner)

Luckmann, Josef junior 1903–1919; 1925–1927 (director of
 branch of Credit-Anstalt in Ljubljana)
 Mahkot, Johann 1888–1900 (government official)
 Mahr, Ferdinand 1872–1900 (principal of a trade school)
 Mahr, Alfred Dr 1897–1919 (physician)
 Mahr, Arthur 1907–1919 (principal of a trade school)
 Malitsch, Andreas senior 1833–1846 (homeowner and
 property owner)
 Malitsch, Andreas junior 1851–1882 (homeowner and
 property owner)
 Mallner, Andreas 1835–1856 (merchant)
 Maren, Johann 1837–1844 (homeowner)
 Margheri, Rudolf graf 1906–1918 (provincial commissioner,
 landowner)
 Martinzhizh, Josef 1829–1841 (merchant, homeowner)
 Matauschek, Emanuel 1846–1849 (district commissioner)
 Maurer, Heinrich 1882–1919 (merchant, property owner)
 Mayer, Josef 1820–1850 (pharmacist)
 Mayer, Jakob 1858–1876 (no information)
 Mayer, Emerich senior 1879–1915 [1841–1916] (banker,
 merchant, homeowner)
 Mayer Emerich junior 1906–1919 (merchant and trading
 partner)
 Mayr, Josef 1903–1919 (Master of Science in Pharmacy)
 Metelko, Franz 1852–1859 (professor of Slovenian language,
 priest, writer and translator)
 Mihelčič, Richard 1915–1918 (merchant)
 Moro, Viktor 1915–1919 (representative of the mutual fire
 damage insurance company in Graz)
 Moschitz, Johann 1837–1838 (merchant, homeowner)
 Mühleisen, Johann 1837–1859 (merchant, homeowner)
 Mühleisen, Arthur 1872–1911 (entrepreneur, homeowner)
 Mulle, Georg 1820–1830 (merchant, homeowner)
 Napreth, Andreas Dr 1832–1856 (lawyer)
 Novak, Johann Bapt. 1842–1871 (priest)

Oblak, Johann Dr 1821–1850 (lawyer, homeowner)
 Omejz, Kalist P. 1842–1846 (pastor in suburban area)
 Ovijazh Blas, Dr 1834–1845; 1858–1859 (lawyer, homeowner)
 Pachner, Karl 1835–1859 (merchant, homeowner)
 Pagliarucci, Sigmund Edler v. Kieselstein 1820–1849
 (landowner)
 Pajk, Janez 1867–1884 (district commissioner for the Ljubljana
 area)
 Pammer Kamillio 1906–1919 (director of Carniolan
 Constructing Company)
 Pauer, Johann 1849–1853 (homeowner and property owner)
 Paulitsch, Franz 1821–1826 (merchant)
 Pauschek, Georg 1832–1853 (priest)
 Peternel, Michael 1855–1884 (professor)
 Pfefferer, Anton senior Dr 1849–1850 (lawyer)
 Pfefferer, Anton junior Dr 1867–1904 (lawyer)
 Pickhard, Johann 1845–1849 (merchant)
 Plautz, Johann Nep. 1872–1890 (professor)
 Pleiweiss, Johann 1862–1867 (merchant)
 Pochlin, Johann Chrysostomus 1820–1849 (priest)
 Pongratz, Oskar Dr 1868–1892 (jurist)
 Possanner, Franz 1829–1844 (district captain)
 Praprotnik, Jakob 1832–1844 (priest)
 Pregel, Anton Dr 1915–1919 (senior district physician)
 Pregel, Michael 1829–1876 (economic and cultural worker)
 Premerstein, Friedrich Dr (canon, priest)
 Preshern, Franz 1842–1847 (lawyer, poet)
 Račič, Josef Dr 1897–1916 (financial procurator)
 Rainisch, Michael 1820–1837 (merchant)
 Rak, Anton Dr 1852–1864 (lawyer)
 Rant Felician 1833–1840 (priest, pastor)
 Ranziger, Raimund junior 1906–1919 (merchant)
 Raunicher, Johann 1855–1875 (homeowner)
 Recher, Nikolaus Dr 1862–1871 (merchant, homeowner)
 Recher, Victor 1888–1908 (entrepreneur, homeowner)

Redange, Josef v. 1868–1899 (no information)
 Reunicher, Johann 1855–1875 (homeowner)
 Rezori, Johann Ritter v. 1888–1889 (chief inspector of the tobacco factory)
 Rossmann, Johann 1820 (mayor, lawyer)
 Rudesch, Franz 1865–1875 (landowner and homeowner in Ljubljana)
 Rudolph, Anton Dr 1855–1875 (lawyer)
 Rüling, Edler von Rüdigen, Reinhold Dr 1903–1919 (councillor)
 Russ, Franz 1842–1846 (jurist, homeowner)
 Sajovic, Josef Dr 1891–1895 (lawyer, homeowner)
 Samassa, Albert 1872–1916 (entrepreneur, homeowner)
 Samassa, Anton 1835–1883 (entrepreneur)
 Samassa, Max 1915–1919 (factory owner)
 Sauer, Josef 1830–1849 (merchant, homeowner)
 Savaschnik, Gregor 1856–1875 (school supervisor)
 Schaffer, Adolf Dr 1872–1902 (entrepreneur from Ljubljana)
 Schantel, Franz 1888–1909 (merchant, homeowner)
 Scheuchenstuel, Josef v. 1849 (higher regional court councillor)
 Schiffer, Franz Dr 1842–1886 (physician)
 Schiffer, Viktor 1897–1919 (merchant)
 Schlacker, Johann Nep. 1838–1863 (priest, school supervisor)
 Schleimer, Peter 1891–1916 (entrepreneur, homeowner)
 Schmidhammer, Josef 1829–1832 (director of police)
 Schmidt, Ferdinand Josef 1832–1850 (merchant, homeowner)
 Schneider, Josef 1915–1919 (merchant, homeowner)
 Schoeppl–Sonnwalder, Anton Ritter von 1897–1919 (jurist)
 Schrey, Robert Dr, pl. [Redlwerth] 1869–1893 (jurist and lawyer in Ljubljana)
 Schreyer, Josef 1837–1856 (merchant, homeowner)
 Schüller, Ferdinand 1915–1918 (engineer)
 Schuster, Julius Dr 1906–1919 (physician)
 Schusterschitz, Michael 1852–1857 (merchant, homeowner)
 Schwegel, Josef, baron 1891–1913 (landowner)

Seeger, Anton Ernest 1838–1841 (merchant, homeowner)
 Seemann, Ignaz 1872–1893 (merchant, homeowner)
 Seemann, Paul 1903–1919 (factory owner)
 Seunig, Josef senior 1820–1849 (merchant and homeowner)
 Seunig, Josef junior 1842–1849 (landowner)
 Seunig, Vincenz, 1836–1886 (merchant and property owner)
 Shushnik, Lukas 1829–1856 (homeowner)
 Sicard, Leopold 1832–1838 (police director)
 Skribe, Johan Georg 1832–1849 (merchant)
 Smole, Michael 1838–1876 (merchant, homeowner)
 Souvan Franz Xav. 1835 (1836) – 1884 (merchant)
 Stadacher, Ferdinand 1915–1918 (auditor)
 Stedry, Wenzel 1865–1896 (chief engineer)
 Stedry, Guido 1897–1913 (lieutenant, homeowner)
 Stöckl, Emil Dr, Ritter v. 1867–1884 (state medical officer)
 Strzelba, Josef 1915–1919 (landowner)
 Stubenberg, Leopold Graf v. 1829–1838 (Chamberlain,
 administrative councillor)
 Supan, Goerg 1837–1856 (canon, priest), municipality
 committee member)
 Supan, Josef 1855–1886 (canon, priest)
 Suppan, Josef Dr 1868–1901 (lawyer)
 Suppantschitsch, Franz Dr 1858–1889 (lawyer, president of
 Chamber of lawyers)
 Suppanz, Bartelmä Dr 1858–1897 (notary)
 Svetlizhizh, Matthäus 1837–1854 (parish priest)
 Tauzher, Karl 1915–1917 (merchant)
 Terpinz, Fidelis 1829–1875 (entrepreneur, factory owner)
 Thomas, Josef 1829–1832 (property owner)
 Thurn, Josef graf v. 1829–1836 (landowner)
 Tönnies, Wilhelm 1906–1919 (engineer, factory owner)
 Traun, Alois 1833–1849 (homeowner)
 Treun, Matthäus 1882–1903 (entrepreneur)
 Tschech, Alois 1891–1907 (senior provincial official)

Ullepizh, Karl 1827–1829 (district commissioner for the Ljubljana area)
 Uranitsch, Anton Dr 1859–1869 (lawyer)
 Valenta, Alfred Dr Edler von Marchturn 1915–1919 (professor)
 Valentschag, Otto Dr 1906–1919 (lawyer)
 Vessel, Johann Nep. 1824–1844 (administrative official)
 Vok, Franz Dr 1891–1911 (notary)
 Wagner, Josef 1824–1845 (administrative official)
 Wagner, Josef Friedrich 1820–1839 (pharmacist)
 Waldherr, Alois 1882–1890 (homeowner)
 Walland, Philipp Jakob 1837–1845 (merchant, homeowner)
 Wasser, Alois 1835–1861 (merchant, homeowner)
 Webers, Florian 1827–1845 (councillor)
 Welserheimb, Leopold Graf v. 1829–1838 (administrative official)
 Welsperg–Raitenau, Primör Karl Graf 1833–1838 (councillor)
 Wettach, Heinrich 1903–1918 (academic painter)
 Wilcher, Johann 1829–1830 (administrative official)
 Wurzbach, Karl, pl. Dr, Tannenberg 1852–1886 (jurist, landowner in Ljubljana)
 Wurzbach, Maximilian De. Edler v. Tannenberg 1820–1854 (lawyer, homeowner)
 Wurzbach, Alfons baron. 1888–1919 (landowner in Ljubljana)
 Wurzbach, Karl Freiherr v. Dr 1852–1886 (lawyer, politician)
 Wurzbach, Maximilian Dr, Edler von Tannenberg 1906–1918 (lawyer, landowner)
 Wutscher, Franz 1838–1849 (merchant, homeowner)
 Zenker, Jakob 1827–1830 (homeowner)
 Zeschko, Frnaz 1820–1842 (homeowner)
 Zeschko, Valentin 1842–1849 [Češko] (homeowner and property owner)
 Zeschko, Ludwig 1888–1913 (entrepreneur, homeowner)
 Zeschko, Valentin 1906–1919 (factory owner)
 Zeschko, Albert 1897–1919 (merchant, homeowner)

Zhuber, Johann v. Okrog Dr 1829-1865 (professor)
 Zhuber, Raimund v. Okrog 1882-1891 (entrepreneur,
 homeowner)
 Ziegler, Peter Ritter v. 1824-1831 (administrative official)
 Ziegler, Franz 1872-1892 (senior building councillor)
 Zierer, Lukas 1858-1865 (parish priest)
 Zois, Egon, baron Edelstein 1891-1917 (landowner)
 Zollner, Anton 1829-1831 (homeowner)
 Zorn, Karl 1834-1850 (priest and school supervisor)
 Zumpe, Wilhelm 1821-1834 (a lay priest)

Nevertheless, the data collected indirectly show that the Savings Bank had 277 regular members during the period under consideration. Of all the full members, 84 are distinguished by their performing various functions in the administration. Only a little over a quarter of all members took an active part in managing the Savings Bank's affairs. The other three quarters only attended the ordinary and extraordinary general meetings and exercised their voting rights. The question arises as to what impact this circumstance had on the operation of the Savings Bank. The mandate of the members of the Board of Directors usually lasted three years.²¹³ An in-depth analysis reveals the following pattern: the same individuals performed the same functions with minimal change. Further analysis shows that some Board members, for example, held the position of director in one term and trustee in the next, or vice versa.

Initially, the Board consisted of ten members: a president, an alternate, three trustees, and five directors. By 1844, the number had levelled off at 15 members, with an additional trustee and four directors elected. The total did not change again until the end of 1918. The Savings Banks Regulation in 1844 brought only one change, introducing the legal adviser, who replaced one director. The presidents of the association represent a good example. During this period, there were 14 presidents. Two

²¹³ *Rechnungs-Abschluß* (1882-1918).

individuals presided over the Savings Bank during two periods. Most held various positions over time. Only two were presidents. The others began as directors and then had all three of the other positions. This was especially characteristic in the second half of the 19th century.

Table 2 Presidents of Carniolan Savings Bank 1820–1919²¹⁴

	surname	name	Beginning of mandate	End of the mandate
1	Hradeczky	Johann Nepomuki	1820	1821
2	Gollmayer	Georg	1822	
3	Jerin	Urban	1822	1823
4	Burger	Lukas	1825	
5	Vessel	Johan Nep.	1826	1828
6	Jerin	Urban	1829	1842
7	Burger	Lukas	1843	1848
8	Galle	Franz	1849	1850
9	Wurzbach	Maximilian	1851	1854
10	Schlacker	Johann Nepomuki	1855	1863
11	Zhuber	Johann	1864	
12	Samassa	Anton	1866	1874
13	Seunig	Vinzenz	1874	1879
14	Dreo	Alexander	1880	1888
15	Luckmann	Josef	1889	1904 ²¹⁵
16	Bamberg	Ottomar, senior	1906	1919

214 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 57–84. SI ZA LJU 362, f. 29, Denkschrift, 1895, 89–105. *Rechnungs-Abschluß* (1896–1918).

215 In 1905, the position of the President of Carniolan Savings Bank Association was left vacant. – *Rechnungs Abschluss* (1905).

The membership data from Carniolan Savings Bank demonstrate the connection and interconnectedness of merchants and entrepreneurs in Ljubljana in the local financial market. In addition to active participation in the Savings Bank's business, members also held various positions in other financial institutions. This trend was evident in the 1860s and 1870s. I will focus on three examples below.

In 1867, a joint-stock bank, Ljubljana Commercial Bank (Laibacher Gewerbebank), was founded in Ljubljana by a group of merchants. Leopold Bürger was the head of this institution. He is also traceable among the members of the Carniolan Savings Bank (1861-1888). He held the position of director in the 1870s and was the deputy president in the 1880s. The directors decided the credit policy of the savings banks. They checked the credit worthiness of borrowers. Other members of the directors' committee at Ljubljana Commercial Bank included merchant Josef Hauffen, Albert Sammasa, who later became a member of the Savings Bank directors' committee, and Josef Luckmann senior, who later served as president of the Savings Bank from 1889 to 1904.²¹⁶

Another example is the Styrian Discount Company (Steirische Eskomptgesellschaft) that established its branch office in Ljubljana in 1872. The president of this bank was merchant Alexander Dreö. He was the director of the Carniolan Savings Bank and later served as its president (1880–1888). The Ljubljana Commercial Bank and the Styrian Discount Company merged in 1872. The committee responsible for the liquidation of Ljubljana Commercial Bank consisted of several members of the Carniolan Savings Bank, including Alexander Dreö, Josip Luckmann, Josip Hauffen, Josip Kordin, Peter Lassnig, Ferdinand Mahr, Franc Rudesch, and Matthäus Treun.²¹⁷

Moreover, in the early 20th century, another member of the Luckmann family merged the two financial institutions. Josef

²¹⁶ Potočnik, *Iz zgodovine slovenskih bank*, 117.

²¹⁷ *Ibid.*

Luckmann Jr. was a member of the Carniolan Savings Bank and sat on the Board as a director from 1906 to 1919. He was also a director of the branch of Credit-Anstalt, which opened in Ljubljana in 1907. The office of a bank from Vienna took over the business of L. C. Luckmann, run by Josef Jr.²¹⁸

Until 1912, all members of the Savings Bank had to have a permanent residence in Ljubljana, which was one of the main conditions. Although not they all were born in Ljubljana, the members of the Savings Bank represented important businessmen and wealthier segments of the population. This is also supported by their social status, as evident from the list mentioned earlier. Out of 277 members, 108 owned a house or land, and there were 13 factory owners. In addition, 62 members had no occupational profile identified through the sources. There was only information on social status: homeowner, landowner or factory owner.

Emphasise that, except for the president and his deputy, all other members of the association benefited from the services of the Savings Bank. Therefore, the social structure of the members is not surprising. The data from the list are presented in a clearer form in the following table.

218 Luckmann, *Zgodovina družine Luckmann*, 43–44.

Table 3 Occupational structure of the members

Occupation	Number of members
Priest ²¹⁹	25
Lawyer	21
Jurist	6
Physician	8
Merchant	65
Entrepreneur	17
Official	10
Police director	2
Engineer	4
Professor	6
Councillor	10
Pharmacist	4
Banker	3
Mayor	5
District Commissioner	5
Notary	2
Principal of trade school	2
other occupations	20
without occupation	62
Total	277

Merchants, lawyers, and jurists stand out in numbers. In the first category were 65 persons, and 27 were engaged in legal affairs. More than half of the merchants also owned a house, and a few were landowners. In addition, Table 3 shows a relatively large number of priests, considering mainly the first half of the 19th century. After 1850, only seven priests joined the association as members. One must also consider that priests

²¹⁹ The word *priest* is used to refer to all those who practised religious professions, regardless of their position in the hierarchy. The included members were parish priests, pastors, canons, vicars and an abbot.

were among the more educated members of society. They had access to broader sections of the population and could serve as role models for people. There is no clear explanation, but it can be assumed that with the revival of political life after 1861, the progressive process of national polarisation, the division between liberal and Catholic politicians no longer showed any interest in cooperation. Furthermore, it is essential not to overlook the crucial role the priests played in establishing a system of credit cooperatives in the countryside. Janez Evangelik Krek and Catholic politicians initiated this process.²²⁰

On the other hand, the second half of the 19th century was marked by another phenomenon. While it began around 1870, more members joined the Savings Bank, with the word “entrepreneur” next to their name. The word “entrepreneur” in the second half of the 19th century described a person with a private business or a small firm. Notes were without further classification of their type of business. Except for Anton Samassa,²²¹ all other entrepreneurs became members in the last decades of the century. A similar picture is given by the members who owned factories. Except for Fidelis Terpinč²²² (1829–1875) and

220 Lazarević and Prinčič. *Bančniki v ogledalu časa*, 14.

221 Anton Samassa (1808–1883) inherited from his father a handicraft business that manufactured bells. Under his management, the business ran successfully again. He also owned a mechanical workshop and a steel foundry that made fittings for emerging factories. Samassa also played an important role in public life, serving as an alderman and deputy mayor in the 1850s. He ran the town poorhouse. In 1865 he retired and relinquished all public functions. From 1866 to 1873, however, he was president of the Carniolan Savings Bank. – Kranjec, *Samassa*.

222 Fidelis Terpinč (1799–1875) was known as the first industrialist in the province of Carniola. He founded a paper mill in Vevče and Goričane near Medvode. He also introduced various innovations in agriculture and modernized old mills. Terpinč supplied the Ljubljana area with flour. During his life, he came into possession of several castles. In cooperation with various business partners, he founded several companies (*Mechanische Papier-Fabrik to Josefstahl bei Laibach*, *Terpinč & Češko*, *tovarna sukna in koc pri Ljubljani*) and was also associated with other members of the Carniolan Savings Bank Association such as Valentin Zeschko, Anton and Karl Galle, Valentin and Jožef Krisper. – Budna Kodrič, *Korespondenca Jožefine in Fidelija Terpinč (1825–1858)*, 8–11.

Johann Kosler senior²²³ (1865–1897),²²⁴ during the 19th century, other factory owners participated in the Savings Bank Association. From the facts, we can conclude that the significant change in the occupational structure of the members of the Carniolan Savings Bank confirms the trend of industrialisation characteristic of the last decades of the 19th century. Unfortunately, the financial books that could confirm this have not been preserved. Although there is no tangible evidence, indirect data on the loans granted and regional distribution suggest that members also benefited significantly from the Savings Bank's credit services. In the late 1890s, the share of mortgage loans granted increased in the Province of Carniola. The restriction on lending applied only to salaried officials and to the president and his deputy. Returning to the starting point of this part of the chapter, the question of the impact of a significant discrepancy between active and passive members of the association should be answered. One reason for the disproportionate distribution of active members in managing the day-to-day business of the Savings Bank lies in the facts presented above.

223 Johann Kosler senior (1819–1898) was one of the founders of the brewery in Ljubljana. In 1866, together with his brothers Peter and Josip, he founded the company Bratje Kosler (Gebrueder Kosler), and the following year the brewery began its operations. In addition to him, Peter Kosler Jr. and Johann Kosler Jr. were also members of the Savings Bank Association. In 1909 they successfully transformed the company into a *joint-stock company* Union with the capital of Credit-Anstalt. – Andrejka, Razvoj ljubljanskih industrij med 1859–1869, 95.

224 The years refers to membership in the Savings Bank Association.

**IMPACT OF THE
CARNIOLAN
SAVINGS BANK
ON FINANCIAL
DISTRIBUTIONS**

The primary field of activity of the Savings Bank until the beginning of World War I was managing the people's savings. Although investment policy was initially an integral part of the business, the safety of deposits and the liquidity of the Savings Bank always had priority. The investment policy took a back seat for a long time due to the special provisions of the Savings Bank Regulation and the legal requirement in this area of business.²²⁵ The Carniolan Savings Bank has been making mortgage loans as its first form of investment since its founding. There was a stipulation that the loan should be made available at a low rate, with a focus on the city of Ljubljana and its surroundings. The situation was different for the savings banks in the entire Austrian part of the Monarchy. Most savings banks invested money in government securities. However, the Regulation of 1844 changed this practice, and the dominance of mortgage lending began.²²⁶ Savings banks were involved in financial and general economic processes. Establishing savings banks made people aware of the potential of saving their earned money.

On the other hand, savings banks had to invest in the safest possible assets, such as mortgages, government securities, and short-term loans. They had to provide low-interest loans to the less affluent sections of society to improve their economic and social status. A population excluded from financial intermediation was allowed to achieve far-reaching effects through these financial intermediaries. Before the advent of savings banks, a significant amount of capital was inaccessible to financial markets.

225 Fritz, *150 Jahre Sparkassen*, 440, 597.

226 Ibid., 603.

THE RECONSTRUCTION OF THE BALANCE SHEET STRUCTURE

The level of detail, completeness and transparency in the Savings Bank balance sheets varies in the period under consideration. Sometimes, it is a matter of interpretation, determining which items belong to which categories and when they received their own column in the statistical report. The most problematic item was temporary investments. Bill of exchange and loans to the municipality fell into this category at specific periods. Therefore, the opening years for each category on the asset side of the balance sheet have been derived from the annual report for 1918, which provides summary data for the period from 1820 to 1918. The chapter covers the period from the founding of the Savings Bank to the end of World War I. All business components considered are divided into two main periods, which also correspond to the chronological distribution of Hedwig Fritz. The year 1872 represents a turning point, as several changes directly affected the operation of the Savings Bank. This year brought simplification of deposit terms, the removal of certain restrictions, and the abandonment of rules regarding investment options.

The balance sheet was elementary at the beginning. It had only deposits as liabilities, the Reserve Fund as equity, and mortgage loans and cash as assets. The first expansion on the

liabilities side occurred in 1889.²²⁷ The Savings Bank introduced the *Grants for Seniors*, which was discussed in a separate chapter. It also introduced *home savings* in 1907. This deposit was intended to allow savers to set aside the minimum amounts they often spent carelessly. Instead, the bank encouraged the gradual accumulation of this money. The younger population, such as schoolchildren and students, took advantage of *home savings*.²²⁸

There were also some changes in equity in the second half of the 19th century. The remaining funds from the annual profit, along with fewer donations for charitable purposes, were allocated to this department. Since 1882, the Savings Bank has maintained a Special Reserve Fund to mitigate stock market fluctuations.²²⁹ The liability side of the balance sheet received its final form in 1897. It was divided into three distinct sections: Deposits, Reserves, and Pension Funds. The Savings Bank introduced a pension fund for its employees in 1868. However, this item appeared on the balance sheet as early as the 1850s, without being further explained in business reports or other sources.²³⁰ It was formally established by the new Statute in 1867, and appropriations were made for the purpose the following year.²³¹

On the other hand, the asset side, there were several item expansions due to introducing new forms of business. The first occurred in the first decade of the Savings Bank's existence. In 1826, it began a Lombard loan business. The institution initially accepted gold, silver, and government securities as collateral for approved loans. The investment form reached its peak in 1856, after which it slowly declined and ceased to play a less significant role. Real estate investments appeared in 1838, when the Savings Bank purchased its first building. The bank expanded

227 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 24.

228 *Rechnungs-Abschluß* (1907).

229 *Rechnungs-Abschluß* (1882).

230 *Amtsblatt zur Laibacher Zeitung*, 28 July 1855, 430, Der über den Vermögensstand der Sparkasse zu Laibach mit Ende des I. Semesters 1855 gemachte Abschluß liefert nachstehendes Resultat.

231 SI ZAL LJU 362, f. 18, Interessenten Einlagsbuch der Sparkasse zu Laibach. Pravila in opravljeni red kranjske hranilnice v Ljubljani [1867], 9.

its investment range once again in 1848, when it used funds to buy government securities. Investment in government securities, however, did not play a larger role until the 1860s. Until then, the proportion of mortgage loans was higher. Beginning in 1872, investment in marketable securities such as state and municipal bonds provided better liquidity. Therefore, the Savings Bank gradually increased its holdings of such bonds. In the last decade of the Austro-Hungarian Monarchy, this investment took a leading role in the allocation of funds. In 1858, the Savings Bank built up a portfolio of bills of exchange by accepting and discounting them. This business, however, is left mainly to the Credit Association, which was established in 1873. The balance sheet was supplemented with loans intended for the administration and the municipalities, which used them to cover various projects before the end of the 19th century.

The asset side of the balance sheet was divided into two major groups: on the one hand, liquid assets, which included cash, deposits with other banks, known as temporary investments, and government securities. But there were also long-term investments such as mortgages, loans to the administration and municipalities, and real estate, which were not immediately available and were less liquid. Towards the end of the 19th century, the investment movement gained a more significant share of liquid assets.

DEPOSITS

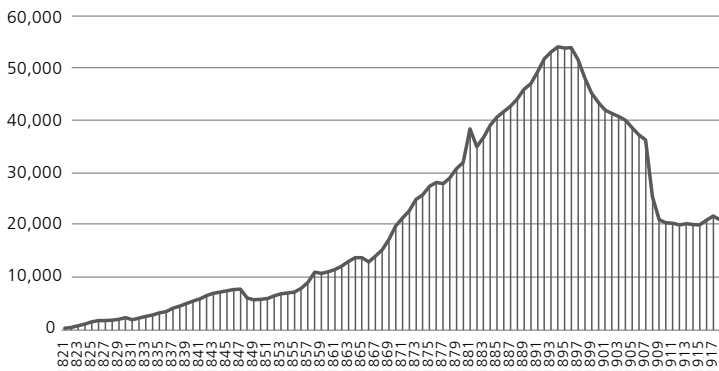
The core of the liability side of the balance sheet and the business of the Savings Bank was deposits. They can be considered essential to the operation of savings banks. When savings banks were introduced, they represented a genuine product innovation that had not existed in the financial services sector. Deposits were relatively low in the early days. Setting limits on individual deposits into the account or on the total balance of the individual saver was an everyday practice.²³² For example, in September 1850, the Carniolan Savings Bank published a notice in the *Uradni list* (Official Gazette) to the owners of accounts that exceeded the maximum limit. The depositors had to withdraw their savings; otherwise, they were threatened with an excessive loss in interest rates.²³³ In this way, the Carniolan Savings Bank wanted to focus its attention on the lower strata of society and be less attractive to the wealthy. The commission accepted the more significant capital investments. The payment of interest on small deposits was guaranteed. The maximum allowable deposit amount changed over time; first raised in 1867 and the early 1870s, it was eventually abolished. Another general feature of Savings Bank deposits was their high security. Savings

²³² Mura, *History of European Savings Banks*, 16.

²³³ *Uradni list*, 20 September 1850, 48, Naznanilo ljubljanske hranilnice (Sparcasse).

deposits were available at any time, subject to a relatively short notice period.²³⁴

Graph 3 Movement of the number of savings booklets 1821–1918²³⁵



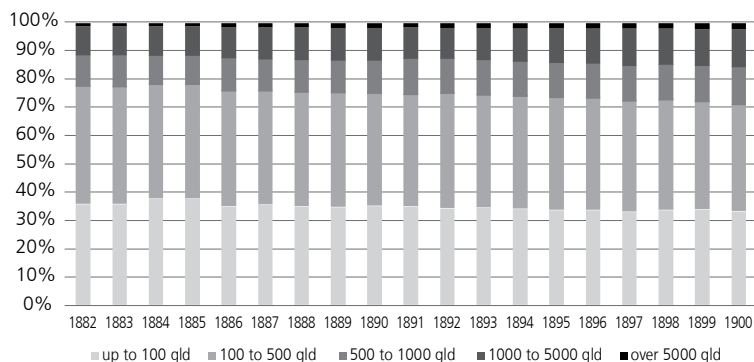
Graph 3 shows the upward trend of newly opened accounts with minor fluctuations until the last years of the 19th century. The upward trend of notes accelerated, especially in the 1860s, after 1867, when the Savings Bank changed the maximum amount for the last time. Furthermore, it also correlated with the increase in money income. However, this information could be misleading. The number of new accounts opened or closed does not tell the whole picture, as data analysis shows. Despite a sharp decline after the turn of the century, the trend of money received continued to rise until 1905, as noted earlier. Several factors, including the increased number of new financial institutions, influenced the decline in the number of deposit accounts from Carniolan Savings Bank. To gain a clearer understanding, one must also consider other factors related to the Savings Bank business.

²³⁴ Dirninger, *Historic dimension*, 15.

²³⁵ *Rechnungs-Abschluß* (1918).

Official state statistics have been kept in more detail since 1882, and so we have information on the exact number of accounts, arranged by the amount of the sum. There is no data on the distribution of savings accounts by amount before 1882. These accumulated with the changes in official government statistics, which were reformed in the early 1880s. Due to a lack of data, it is impossible to determine how, for example, the abolition of the maximum amount on accounts affects this picture. However, Graph 4 shows the development of five groups. Based on the statistics, we can see that deposits in the first two groups (up to 100 guildens and from 100 to 500 guildens) accounted for over 70 per cent of all account movements. Even after over ten years since the abolition of the maximum amount allowed in a single account, there was no significant change until the end of 1889. Nonetheless, these two groups were in steady decline in favour of the other three until the end of the 19th century.

Graph 4 Distribution of savings booklets according to the amount on the account²³⁶



²³⁶ *Statistik der Sparkassen (1882–1900).*

CARNIOLAN SAVINGS BANK DURING PERIODS OF INSECURITY

During or after the systematic economic crisis, deposits at savings banks have often fallen. Therefore, it is most beneficial to analyse deposit movement during events that directly affect the operations of savings banks. This chapter examines the strategies used by Carniolan Savings Bank to overcome the challenges posed by the substantial withdrawal of deposits in the 19th and early 20th centuries.

Bank runs are events in which depositors of a bank or Savings Bank demand repayment. The rapid withdrawal of deposits usually forces a credit crunch. The term is often used interchangeably with *bank panic*. A key difference, however, is that the event involving many banks must be distinguished from the *run* involving only one bank. Calomiris and Gorton developed two competing views on the origin of bank panics. The first, called the *random withdrawal theory*, asserts that panics have historically been caused by unexpected withdrawals by depositors primarily related to natural location-specific shocks, such as seasonal demand for a currency due to agricultural payment practices that favour cash. The second view, termed *asymmetric information*, suggests that panics were caused by revisions in depositors' perceived risk of bank debt when they were uninformed about bank portfolio values and received negative news

about the situation at the macroeconomic level. Depositors seek to withdraw large amounts from banks when they think banks are more likely to default.²³⁷

Debt crises have been a recurring phenomenon since the Middle Ages, often resulting in the spectacular bankruptcy of entire states. However, it was not until the 19th century that banking crises occurred on a scale that threatened the whole banking system, not just the collapse of a single bank. Before 1800, all bank failures were cases of simple insolvency that did not trigger a chain reaction. Most were associated with government bankruptcies caused by spending on costly wars. A reduction in the debt burden characterised the 19th century due to financial reforms, the absence of protracted wars, and economic growth generated by industrialisation. Banking crises occurred at regular intervals during this period, triggered by speculative bubbles in the stock markets. This new crisis was triggered by speculative investments in new businesses created by industrialisation and the growth of world trade. In many countries, central banks provided a crucial foundation that helped protect the financial system.²³⁸

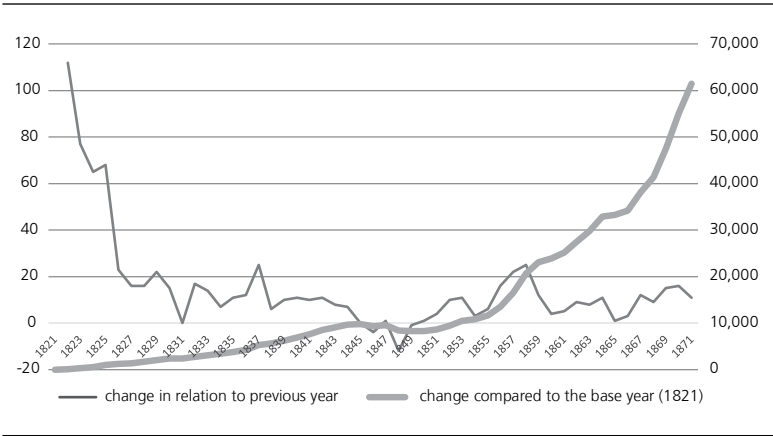
Graph 5 of the basic index of deposit movements between 1821 and 1871 illustrates an upward trend in deposits, with a slight divergence between 1847 and 1855. A look at the chain index curve gives us a better insight into the movement of deposits from one year to the next. The sensitivity of the Savings Bank to various external factors is evident in the events that led to the decline in invested funds. In the first period observed, between 1821 and 1872, several years were in which the Savings Bank experienced a decrease in the money coming into its accounts. But the Savings Bank also received fewer amounts in a year. When withdrawals of deposits exceeded new deposits, accumulated funds' customers who did not charge interest and

237 Calomiris and Gorton, *The Origins of Banking Panics. Models, Factors, and Bank Regulation*, 111–15.

238 Bähr, *The role of financial crises in history*, 13–15.

deposits replaced or increased the total amount in the accounts. In the first half of the century, deposits in the Savings Bank declined in 1831, 1846, 1848, and 1849.²³⁹

Graph 5 Trend of deposits 1821-1871²⁴⁰



Examining the Three Major Crises of the Carniolan Savings Bank Before 1918

The collapse of the Vienna Stock Exchange in 1873, followed by a severe banking crisis, marks a turning point in the second half of the 19th century. In 1873, the speculative bubble burst, first in Vienna and then in New York. The stock exchanges in these two financial centres had to cease trading. A prolonged period of falling prices and shaky economic growth followed. Soon after the crash, increased withdrawals were noticed, indicating that savings banks were affected by the banking crisis. However, this panic lasted only a short time, and confidence in

²³⁹ SI ZAL LJU 362, f. 29, Denkschrift, 1870, 15.

²⁴⁰ *Rechnungs-Abschluß* (1918).

savings banks as a highly secure financial institution was quickly restored. Based on the statistics, we can conclude that users considered savings banks to be very safe institutions that never worked to the detriment of their depositors.²⁴¹

In the second half of the 19th century, the period of dynamic economic development, the share of Savings Bank deposits increased significantly. These institutions became involved in financial and general economic processes. According to the rules established by the Savings Bank Regulation in 1844, savings banks remained excluded from stock market speculation. Christian Dirninger pointed out that these rules were the main reason the collapse and crisis did not affect the functioning and further development of savings banks in the Austro-Hungarian Monarchy.²⁴²

The 75th anniversary of the Book of Carniolan Savings Bank informs us that the financial crisis triggered by the 1873 disaster merely required an increase in interest rates. Soon, this situation improved and stabilised. On 5 September 1872, more than a year before the collapse of the Vienna Stock Exchange, the Carniolan Savings Bank announced that it would raise the deposit rate from 4 to 4.5 per cent. During 1873, the Savings Bank management charged a deposit rate of 5 and 6 per cent for mortgage loans, 6 per cent for *Lombard loans*, and 6.5 per cent for loans on securities, gold, and silver. Carniolan Savings Bank paid out more money to depositors than it received from them in only two years in the 1870s. The crisis of 1873 did not cause significant losses, as the money from capitalised interest covered the difference.²⁴³

This discussion examines the causes of these events and how the savings bank overcame the associated challenges and losses. However, the *run* on the bank and the 1908 boycott,

241 Bähr, The role of financial crises in history, 13, 16.

242 Dirninger, Historic dimensions, 16, 17.

243 *Laibacher Tagblatt*, 7 September 1872, 6 Sparkasse-Kundmachung. *Statistisches Jahrbuch* (1872), 18–21.

along with the initial year of World War I, are treated separately, while other related circumstances and consequences are examined within a broader context.

In the decade leading up to the outbreak of World War I, amid a volatile political situation, Slovenian politicians damaged the Carniolan Savings Bank. They promoted massive withdrawals and undermined confidence in its credibility by spreading untrue rumours about business irregularities and insolvency. Many people, especially from the countryside, withdrew their savings from Carniolan Savings Bank, day after day. The Slovenian population was informed about the *run* by the liberal newspaper *Slovenski narod*. The newspaper openly called for a boycott of the Carniolan Savings Bank and encouraged a swift response from Slovenian savers, who were withdrawing their savings.²⁴⁴

Savings Bank paid out more money than it had in cash between October 1908 and June 1909. Deposits were down for several years. Even the sale of securities could not meet the growing demand. Therefore, the Savings Bank stopped granting new loans and realised mortgage and municipal loans, not only in the Province of Carniola, but also in other parts of the Monarchy. To raise money without endangering the Reserve Fund, they sold properties they owned.²⁴⁵

Statistics show that the Savings Bank successfully met the obligations of debtors who lived outside the Province of Carniola. In 1908, mortgage loans for debtors from the Province of Carniola, with the regular interest rate, remained at the same level as in previous years. The following year saw a significant change, when the approved loans amounted to only 25 per cent of the obligations discharged. Although the level dropped only 9 per cent at the end of 1909, there was a slight fluctuation in this area in these years as the Savings Bank made more newly

244 Matic, *Nemci v Ljubljani*, 439. Lazarevič and Prinčič, *Bančniki v ogledalu časa*, 41–42.

245 SI AS 437, f. 38, Zgodovina hranilnice od 1909 do 1918, 1.

authorised loans. At the end of the year, the balance had returned to pre-crisis levels.²⁴⁶

However, the obligations paid for all those who lived in the other parts of the Monarchy reached a peak in 1909. In 1909, the record sum of 14 million crowns was paid to the Carniolan Savings Bank. At the end of the year, the amount reached only 31 per cent of that from the previous year.²⁴⁷

At an ordinary general meeting on 29 June 1909, the management raised the deposit rate from 4 to 4.5 per cent. This measure aimed to attract many new depositors. Notwithstanding, the measure was not crowned with great success, as it was followed by other financial institutions, including the most prominent competing institution, City Savings Bank Ljubljana.²⁴⁸

Despite good preparation and high liquidity of the savings banks, the outbreak of World War I led to massive deposit withdrawals. In the early days of the war, most financial institutions faced deposit declines. Once the initial shock of the war outbreak was overcome, the situation calmed down relatively quickly. Due to strained international relations and in anticipation of upcoming war events, the Carniolan Savings Bank had already provided a larger amount of cash in June 1914. It drew the money from its investments with foreign financial institutions. Based on the experience of the crisis period from October 1908 to June 1909, the management of the Savings Bank sought to be prepared for a possible surge in requests for payouts to depositors.²⁴⁹

The annual report for 1914, published by Carniolan Savings Bank, shows deposit withdrawals for the period from the beginning of the war until 1 August, 1914, when the Austrian government announced the moratorium. The Carniolan Savings Bank limited the withdrawals to 500 crowns per savings

²⁴⁶ *Kranjska hranilnica v letu 1909.*

²⁴⁷ *Ibid.*

²⁴⁸ SI AS 437 f. 38 Zgodovina hranilnice od 1909 do 1918, 1–2. *Kranjska hranilnica v letu 1909.*

²⁴⁹ SI AS 437, f. 38 Zgodovina hranilnice. Med prvo svetovno vojno, 1.

account per month due to the moratorium. This amount differed from the government Regulation, which set the maximum payout amount at 200 crowns per account per month. The Savings Bank attempted to become more attractive and closer to its depositors. Soon after the moratorium was announced, financial institutions reported that depositors had calmed down. A calmer period lasted until early October 1914, when the Austro-Hungarian Monarchy launched its first military loan, triggering a new wave of cash withdrawals.²⁵⁰

The panics were a succession of different shocks. The panic of 1873 began after the collapse of the Vienna Stock Exchange. It was part of a widespread panic throughout the entire financial sector. Fortunately, it ended without consequences for savings banks due to the Savings Bank Regulation of 1844. The crisis in 1908 was a local phenomenon in the Province of Carniola, which began with news of the insolvency of a single bank. It should be considered a *run* on Carniolan Savings Bank, while the panic of 1914 was triggered by a system-wide shock that affected the entire financial sector.

The three crises also had an everyday basis in feelings of insecurity among the Carniolan population, which led to a *bank run*. These runs were triggered by the fear of insolvency and the need to repay deposits. However, the Carniolan Savings Bank sought to regain the trust of its customers and protect its deposits during times of high risk. A Savings Bank could refuse to pay out higher amounts; however, the Carniolan Savings Bank always tried to be consistent and pay out all claims of its depositors. They wanted to ensure the safety of their business and the money they had invested.

Typical of the 19th century, savings banks invested in government securities, most of which had fixed interest rates, such as government bonds, stocks, and preferred stock of railroad

250 *Kranjska hranilnica leta 1914*. SI AS 437, f. 38 Zgodovina hranilnice. Med prvo svetovno vojno, 1. Fritz, *150 Jahre Sparkassen*, 497. Vukičević, Patriotizam iskorišten za financiranje rata, 490.

companies. The government provided collateral. Mortgage loans held a privileged position in the business of savings banks, so the basic structure of the savings banks' active business changed little. During the *run* and boycott of the Carniolan Savings Bank in 1908 and 1909, management determined that investing in mortgage loans was no longer a profitable endeavour. In addition, mortgage loans were less liquid, and the Savings Bank offered no security for uncertain situations. For these reasons, they decided to change the investment policy. Priority was given to buying government securities, and securities outperformed investments in mortgage loans. They gradually reduced mortgage loans, which now represented only 40 per cent of total deposits. In the period before 1908, at least 60 per cent of deposits were invested in mortgage loans.²⁵¹ The most significant change was the moratorium that began with the outbreak of World War I. The moratorium represented a measure that allowed all financial institutions to limit the claim on each account. This governmental decree opened up new legal business opportunities and led to a complete departure from previous practices during similar crises. Savings banks attempted to provide funds to their depositors, particularly in response to massive demands for the payment of their deposits.

251 SI AS 437, f. 38 Zgodovina hranilnice od 1909 do 1918, 1–2. *Kranjska hranilnica v letu 1909*.

INVESTMENTS

At the beginning of its activity, Carniolan Savings Bank invested the money collected from depositors only in mortgage loans, mainly for houses in Ljubljana and estates of landlords. Savings Bank did not favour smaller farmers, as they had difficulties in repaying their obligations. The management of the Carniolan Savings Bank found that investing solely in mortgage loans resulted in less liquidity and did not provide reliability in unpredictable situations. They started a Lombard loan business (on gold and silver money and bills of exchange).²⁵² In 1848, they expanded their investment assortment with state securities, which became more significant during the 1860s.

During the period under consideration, the Savings Bank continued to invest money mainly in mortgage loans. The mortgage loan business reached a peak in 1856, and after that year it slowly declined. Instead, investment in government securities increased at a steadily rising rate. The other three areas of the passive side of the balance sheet—real estate, temporary investments, and bill portfolio—were almost negligible, as shown in Graph 6.

252 SI AS 437, f. 38, Zgodovina hranilnice od 1909 do 1918, 11.

The first property the Savings Bank acquired was a building converted into an office building in 1838 and 1839. It purchased its first building and then renovated it in the early 1860s. It also converted part of the building into rental apartments. Carniolan Savings Bank was equally enterprising in the new building, which, unlike the previous one, was constructed in the latest part of the city of Ljubljana between 1877 and 1879. In September 1880, a Savings Bank moved in.²⁵³

In 1871, the Savings Bank bought a plot of land and then financed the construction of *Real school* in Ljubljana. The construction was completed in 1874.²⁵⁴ The Savings Bank itself bore all the costs of buying the land, building it and drawing up the plans. The real estate portfolio expanded in the 1890s, when the bank bought houses in Trieste and Vienna.²⁵⁵ Nevertheless, the real estate portfolio never acquired a more significant role in the investment policy.

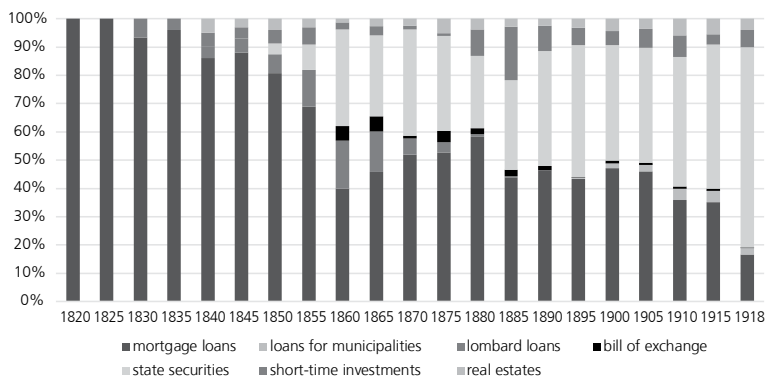
The extent to which savings banks were directly involved in financing infrastructure is difficult to estimate. In official statistics, all bonds and shares held by savings banks are grouped as securities or, later, temporary investments. At the end of the century, this type included money that savings banks invested with other financial institutions, which was considered a very liquid asset. In various crises, this column of the balance sheet was always the first to drop.

253 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 16–17.

254 Prevc, *Ljubljanska realka skozi čas*, 46–47.

255 *Rechnungs-Abschluß* (1897).

Graph 6 Ratio between different investment options 1820–1918²⁵⁶



Graph 6 shows that mortgage loans dominated in the early decades. Investment policy was an integral part of the Savings Bank business from the very beginning. However, for a long time, it took a back seat due to special provisions of the Savings Bank Regulation and legal requirements in this business segment. The security of deposits and the liquidity of the Savings Bank were of the highest priority.²⁵⁷ However, as the investment options developed, the Savings Bank also introduced new forms of investment policy. Securities brought about the most significant change: In the first period, during the 1850s, Carniolan Savings Bank invested its funds in the lottery.²⁵⁸

Furthermore, the most crucial change occurred in the 1890s when the state permitted the purchase of bonds to finance the construction of local and regional railroads. For example,

²⁵⁶ *Rechnungs-Abschluß* (1918).

²⁵⁷ Fritz, *150 Jahren*, 440, 597.

²⁵⁸ *Amtsblatt zur Laibacher Zeitung*, 28. Juli 1855, Spar-Kasse Der über den Vermögenstand der Sparkasse zu Laibach mit Ende des I. Semesters 1855 gemachte Abschluß liefert nachstehendes Resultat.

the Savings Bank participated in the construction of the Dolenjska Railway. It also allocated a significant amount of money for the purchase of the Western Hungarian Railways' priorities.²⁵⁹

259 SI AS 437, f. 7, Rechnungs-Abschluss der krainischen Sparkasse des mit derselben vereinigten Pfandamtes und Creditvereines am Schlusse des Jahres 1894.

MORTGAGE LOANS

Savings banks, as financial institutions, played a crucial role in financing small and medium-sized local businesses, merchants, and craftsmen. Carniolan Savings Bank had almost half of the land loans to individuals. Unfortunately, official government statistics do not provide information on the distribution of loans by the number of deposits. Nevertheless, the data for two years is available from the minutes of the Board meetings, which contain lists of loan approvals. However, these data are also deficient, as we have no information other than the name, surname, and amount requested and approved. The table shows, similarly to the deposits, that lower amounts predominate.

Table 4 Distribution of new loans according to the amount of borrowed money²⁶⁰

	1893	1898
100	34	14
100-500	121	80
500-1000	47	35
1000-5000	48	44
5000-10000	4	13

260 SI AS 437, f. 3, Protocoll, 1893, 612–32. SI AS 437, f. 4 Protocoll, 1898, 714–34

	1893	1898
10000-15000	7	4
15000-20000	1	3
20000-30000	4	4
30000-50000	7	0
50000-100000	16	1
together	289	198

The savings banks were important financial institutions that supported local economic activity and provided small businesses with affordable loans. The Carniolan Savings Bank had a significant share of land loans, which indicates its importance in local real estate financing. However, the lack of official government statistics on the distribution of loans in relation to deposits suggests gaps in understanding the bank's lending practices. Minutes of board meetings provide information on loan approvals, but these records are incomplete and contain only names, last names, and amounts requested and approved. The lack of contextual information about the borrowers or their businesses limits the analysis of the impact of the loans. The table illustrates a clear trend towards smaller loans, with most being under 500 guildens in 1893 and 1898. This indicates a strong demand for smaller financing to meet the operational needs of small and medium sized businesses. A comparison between the two years shows a decline in the total number of loans from 289 in 1893 to 198 in 1898. This decline, especially in the lower loan categories, could indicate a tightening of lending practices or a change in the economic environment. The significant decrease in the number of loans for amounts over 10,000 guildens suggests that larger financing options were less accessible or less in demand during this period.

The Carniolan Savings Bank and Small Farmers in the 1870s

The agricultural survey, conducted on 17 and 18 April 1884, aimed to assess the social and economic conditions in the countryside of the Province of Carniola. In the second half of the 19th century, the situation of the rural population was affected by competition from foreign crops, the decline of secondary income from local crafts, the lack of money and overpopulation in the countryside. The survey was conducted during the economic depression that followed the collapse of the Vienna Stock Exchange in 1873.²⁶¹ The decade following 1873 saw a sharp decline in prices, which remained at a low level until the mid-1880s. Prices for grain and industrial products were low, while those for meat and wine rose.²⁶² The results of the agricultural survey were exceptionally unfavourable, showing the poor economic situation of farmers in the province, which is mainly due to a long-term development path. The results revealed a chronic lack of capital in rural areas and excessive indebtedness. The economic situation in the Province of Carniola was not enviable, as evidenced by the data on the number of registered debts in the Land Registry. The high interest rates on loans in various jurisdictions were problematic. Inheritance and payment to heirs required considerably more substantial sums of money.²⁶³

With the abolition of serfdom, the peasants became independent economic subjects who had to integrate themselves into economic life.²⁶⁴ With commercialisation, they had to pay all their obligations in cash. However, industrialisation and the development of infrastructure, especially railroads, deprived

261 More on the impact of the crash of the stock exchange in 1873 on Slovenian territories see: Vodopivec, *O gospodarskih in socialnih nazorih na Slovenskem*, 263–80.

262 Pančur, *V pričakovanju stabilnega denarnega sistema*, 234.

263 Seručnik, Socialne razmere na kranjskem podežlju v luči gradiva za kmetijski anketo, 506, 518, 519. See also: Lazarevič, *Kmečki dolgovi na Slovenskem*, 16–19.

264 For more about serfdom see: Kresal, *Zgodovina socialne in gospodarske politike v Sloveniji*, 30–33.

them of substantial additional income from the transportation of goods and land. Wholesale trade was also diverted to the main artery of Vienna via Ljubljana to Trieste, and the rural population lost its role in intermediate trade.²⁶⁵ The sale of agricultural products could not compensate for the loss of additional income.

Moreover, the market was flooded with American and Russian grain, which lowered domestic Austrian grain prices. The period under consideration was characterised by the economic decline of farmers, especially small farmers, who were forced to sell their products at a lower cost and reduce their own consumption. The unfavourable situation was further aggravated by the purchase and Regulation of servitudes and the withdrawal of easements. The law of 1868 enabled the fragmentation of peasant property. Because of the harmfulness of this law, the state amended it in 1889 to prohibit the division of medium-sized estates. The economic crisis accelerated the differentiation of peasant property after 1873, which further influenced the decline of small and medium-sized peasant holdings. Farmers became increasingly tied to the market.²⁶⁶

The collapse of the Vienna Stock Exchange and the banking crisis of 1873 represent one of the turning points in the second part of the 19th century. The period that followed was one of state interventionism. Christian Dirninger noted that the collapse and crisis had no significant impact on the operation and development of savings banks in the Austro-Hungarian Monarchy.²⁶⁷ The brief crisis or decline of the Vienna Stock Exchange in 1869 represented only a symbolic decline, which was followed by an economic boom that lasted until the spring of 1873. Rail transport and construction developed significantly during this period and increasingly became part of stock market

265 Fischer, *Zagate v kmetijstvu*, 73.

266 Lazarevič, *Plasti prostora in časa*, 106, 108–12. Fischer and Rozman, *Socialna demokracija in kmetijstvo*, 6, 7.

267 Dirninger, *Sparcassen und Staatsinterventionismus*, 13, 16.

speculation.²⁶⁸ The war between France and Germany in 1870–1871, along with the subsequent minor crisis, led to a short-term decline in investment activity. By the end of 1871, however, it had risen sharply again.²⁶⁹

The relative independence of the business cycle was evident in the performance of the deposit-taking business. Growth during the period of solid speculative momentum in the early 1870s was lower than it had been in the preceding period. Before 1869, the average annual growth rate of savings deposits exceeded 20 per cent, but by 1873, it had fallen below that level. In the second half of the 1860s, savings deposits accounted for 15 to 16 per cent of the annual growth rate, whereas between 1870 and 1873, they were only slightly above 10 per cent. Dirninger estimates this resulted from the reallocation of savings potential to speculation. Savings banks invested in government securities, and most had fixed rates, such as government bonds, stocks, and railroad company preferred bonds, and the government provided protection. Mortgage loans held a priority position in the business of savings banks, so the basic structure of the savings banks' active business changed little.²⁷⁰ In the second half of the 1870s, the general depression and stagnation were reflected in a relatively small increase in nutrient deposits between 1876 and 1878. The economic situation, which improved from the early 1880s, also influenced the subsequent trend of increasing deposits. Therefore, there was a brief period at the beginning of the crisis when depositors withdrew their savings. However, it did not last for a prolonged period. Trust in savings banks as safe financial institutions quickly recovered. Statistics confirm that customers regarded savings banks as safe havens that never worked against their interests.²⁷¹

The 1873 stock market crash and the ensuing economic crisis did not impact Carniolan Savings Bank. That same year,

268 More in: Sandgruber, *Ökonomie und Politik*, 243–47.

269 Dirninger, *Sparcassen und Staatsinterventionismus*, 18, 19.

270 *Ibid.*, 25, 26.

271 *Ibid.*, 38–40.

the local newspaper *Slovenski narod* featured a report on the activities of the Savings Bank. In an article entitled Ljubljanska hranilnica (Savings bank in Ljubljana), a net profit of 30,310 guildens was reported. The author paid special attention to the question of why this amount was lower than usual. He listed the reasons for the poor performance. Income tax on partial transfers of mortgage loans, low-interest rates on mortgage loans (only 5 per cent), a 0.5 per cent increase in deposit rates, and money allocated by the Savings Bank to construct the new *High Real School* in Ljubljana (Cesarsko-kraljeva višja realka / Kaiserlich-königliche Staats-Oberrealschule), amounting to 400,000 guildens. He concluded the article optimistically and notably emphasised that the crisis had not harmed the operation of the Savings Bank.²⁷²

The commemorative Book marking the 75th anniversary of the Carniolan Savings Bank in 1895 contains an account of the financial turmoil caused by the stock market crash in 1873. The economic unrest required an increase in interest rates. The report confirms that the crisis did not last long, and the situation improved and stabilised soon after. By the late 1870s, interest rates returned to pre-1873 levels. In August 1879, the newspaper *Slovenec* reported that “the Ljubljana Savings Bank has decided to lower the interest on mortgage loans from 6 to 5.5 per cent starting next year.” A comment followed in one of these issues of the newspaper: “Although it is not much, it is something; we have been expecting something like this for a long time, because it has also lowered the interest on deposits.”²⁷³ The author of the Jubilee Book perceived a more pressing security concern for the Savings Bank in the local crisis caused triggered by the withdrawal of a branch of the Styrian Discount Company (Steierische Eskomptgesellschaft) in Ljubljana in 1884. But even this crisis had no direct influence on the activity of Savings Bank. It intervened in the liquidation process of the bank. The

²⁷² *Slovenski narod*, 21 February 1874, 3, 4. Ljubljanska hranilnica.

²⁷³ *Slovenec*, 14 August 1879, 4, Domače novice v Ljubljani, 14. Avgusta [own translation].

Credit Association of the Carniolan Savings Bank took over and assumed responsibility for some clients who had outstanding loans with the liquidated institution.²⁷⁴

On 5 September 1872, the Savings Bank announced an increase in the interest rate on deposits from 4 to 4.5 per cent. The Board made this decision more than six months before the collapse of the Vienna Stock Exchange. The meeting at the end of November 1872 brought new changes. The Board decided that, from 1 July 1873, the Savings Bank would charge 5 per cent interest on deposits, 6 per cent on mortgage loans, and 6.5 per cent on Lombard loans (government securities, gold, and silver). On only two occasions in the 1870s, in 1872 and 1877, were withdrawals higher than cash receipts. However, the Savings Bank did not suffer severe losses. The difference was covered by the interest that the depositors left on their accounts.²⁷⁵ In 1878, the *Slovenski narod* published a report on the activities of the Savings Bank during the previous year. The mortgage loan business was considered very positive. The Savings Bank received 420 applications for mortgage loans. It accepted 376 and rejected 44 due to the low value of the properties. The author of the article stressed that the Savings Bank mainly supported smaller landowners, who received more than a quarter of the money the bank invested in mortgages.²⁷⁶

In the second half of the 19th century, the volume of deposits in savings banks increased. These institutions participated in the local financial and economic processes. Due to Rules and regulations, they kept out of the field of stock market speculation. However, the Regulation needed to be changed. The state took account of economic developments and, in the Model Statute of 1872, allowed the explicit targeting of the less affluent to be abandoned.²⁷⁷

274 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 6, 7.

275 *Statistisches Jahrbuch* (1872), 18–21.

276 *Slovenski narod*, 21 February 1878, 3, 4, Kranjska hranilnica.

277 Dirningen, *Historic dimensions*, 16, 17.

Mortgage Loans for Small Landowners

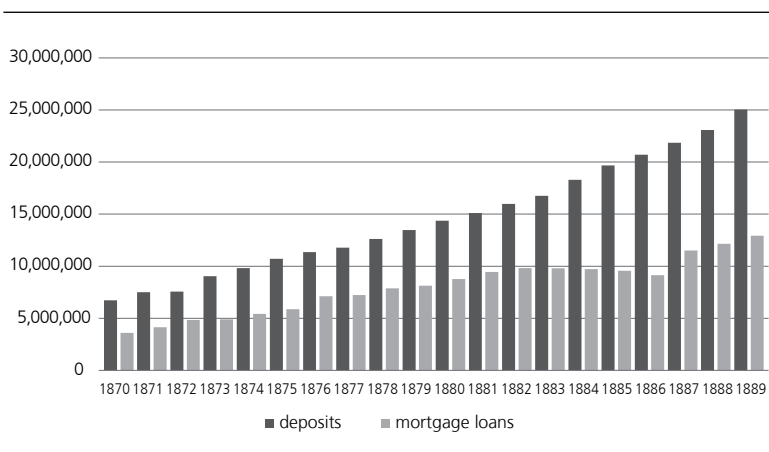
The increase in money turnover, driven by the new economic boom of the early 1880s, ended the financial crisis. The Carniolan Savings Bank took a concrete step to help the small farmers. The bank lowered the interest rates on mortgage loans for small landowners. Since 1881, a separate category of mortgage loans with a lower interest rate has been available, intended exclusively for the inhabitants of the Province of Carniola. The following text was published in the *Slovenski narod*: “The interest rate on loans not exceeding 300 guildens will be lowered as of July 1 to make it easier for small farmers. The interest rate for deposits will be 4 per cent for lower mortgage loans.”²⁷⁸

The pressure of the government was also evident in mortgage interest. It became apparent, as shown by the ordinances of 1882. A mortgage rate above 5 per cent was no longer justified. The Ministry of the Interior required provincial authorities to encourage savings banks to reduce their interest rates. Using surpluses for charitable purposes was directly linked to the reduction of mortgage interest rates. The maximum mortgage interest rate allowed was 5 per cent. However, there was no formal standardisation in this respect, as this would interfere with the autonomy of the savings banks.²⁷⁹

278 *Slovenski narod*, 8. May 1881, 4, Naznanilo hranilnice in zastavnice [own translation].

279 Dirningen, Sparcassen und Staatsintervensionismus, 43–44.

Graph 7 Movement of aggregate savings deposits and mortgage loans of the Carniolan Savings Bank²⁸⁰



Graph 7 shows that deposits have increased steadily throughout the period with only minor variations. With mortgage loans approved, there were more fluctuations. Between 1882 and 1886, the Savings Bank management was concerned because the repayment of mortgage loans exceeded the issuance of new ones. This situation was caused by a lower number of new loan applications. For example, the annual report for 1885 shows that the total of new mortgage loans issued was 252,410 guildens. In the same year, the Savings Bank received 406,871 guildens due to repaid mortgage loans. During this period, a slight decrease can also be observed in Graph 7. To make mortgage loans more affordable and attractive for people, the Savings Bank lowered the interest rate, which has been 4.5 per cent ever since. This move brought it closer to the 4 per cent deposit rate.²⁸¹ However, in 1886, an article appeared in the newspaper *Laibacher Wochenblatt*, in which the management sought to

²⁸⁰ *Statistisches Jahrbuch* (1870–188). *Statistik der Sparkassen* (1882–1889).

²⁸¹ *Slovenec*, 16 November 1886, 4, Posojila na hipoteke.

emphasise that insufficient differentiation would result in a loss. However, newspaper articles and the annual report for 1889 indicate that the Savings Bank allocated even more investments to government securities.²⁸²

There are four annual reports from Carniolan Savings Bank for the period considered in this chapter. The annual reports for 1887 and 1889 are more detailed and show that mortgage loans at a lower interest rate represented only a small percentage of total mortgage loans. By the end of 1887, a total of 11,504,448 guildens in mortgage loans had been issued, of which 3,932,913 were for individuals in the Province of Carniola, accounting for almost a quarter of the total. By the end of 1887, loans intended for small farmers had been issued to 349,902 guildens, which represented 8 per cent of the amount for Carniola and only 3 per cent of the total. Two years later, the situation was very similar. 12,932,544 guildens were spent, of which 4,462,439 guildens or 26 per cent of the total were spent in Carniola. The new level of loans given to small farmers was 403,529 florins, which was the same percentage as in 1887, i.e. 8 per cent of the Carniola and 3 per cent of the total amount.²⁸³

The Jubilee Book of 1895 highlights that 1,500 small farmers benefited from soft loans. Low-interest mortgage loans accounted for only a tiny fraction of the Savings Bank's expenditures. The question arises as to what extent the Savings Bank management had small landlords in mind when it offered mortgage loans at a lower interest rate.²⁸⁴ Over time, the Savings Bank moved away from its original purposes and increasingly targeted the more affluent population. The creation of Credit Association in 1875 and the amendment of Article 17 in 1888,²⁸⁵ when the Savings Bank did business with urban communities, also confirm the turnover. These loans enabled the coverage of

282 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 50–54.

283 Ibid., 1, 8.

284 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 20.

285 *Slovenec*, 30. 7. 1888, 3, Občni zbor kranjske hranilnice.

major municipal projects, including water supply systems and electrification.²⁸⁶

The Provincial Assembly's economics department believed that the low presence of Carniolan Savings Bank credit support in the countryside was in line with the traditional mindset. Farmers were used to meeting all their obligations and needs at home or in the immediate vicinity. Usually, they trusted the expensive local lender more than the cheaper Savings Bank they had to go to in a distant town. They did not have to deal with bureaucracy because the local lender did not require receipts; instead, it issued a promissory note.²⁸⁷

286 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 11–12.

287 Seručnik, Socialne razmere na kranjskem podeželju, 513.

FUNDS

The main business of savings banks was the management of people's savings, and investment policy was also an integral part of the Savings Bank business from the very beginning. In addition to its basic business, Carniolan Savings Bank has introduced several lines of business over time, catering to specific segments of the population. The first such institution was a pawnshop established in 1835, which offered loans to the poorest sections of the population. Additionally, in 1875, the Credit Association of the Carniolan Savings Bank commenced its operations by providing low-interest loans to craftsmen and merchants. In the early 1890s, the Savings Bank established *Grants for Seniors*, a system of savings deposits or annuities that depositors could withdraw upon reaching a certain age. Carniolan Savings Bank followed the lead of other Austrian savings banks in all the listed funds. It implemented and realised these business ideas successfully. It opened a pawnshop modelled on similar institutions in Graz and Klagenfurt. It founded a Credit Association modelled on the First Austrian Savings Bank and took over the setting up of a social insurance scheme from the Böhmischen Sparkasse in Prague. Although the pawnshop was liquidated in 1910, it fulfilled its purpose to some extent throughout its operating period.

Credit Association

The Credit Association of the Carniolan Savings Bank started its activities in 1875. The association aimed to grant loans to craftsmen and tradesmen on more favourable terms. Associations formed under the 1873 Act, which constituted an association of an indefinite number of members to promote the acquisition or business of a member through joint undertakings and the granting of credit from collected funds, had the right to apply for credit.²⁸⁸ In their structure and organisation, these institutions were modelled on the Credit Association of the First Austrian Savings Bank. The above-mentioned Savings Bank in Vienna was the first such institution to establish a foundation for a Credit Association in 1872. The Niederösterreichische Escompt-Gesellschaft, which mainly granted loans to the wealthier classes,²⁸⁹ founded the first credit institution for small entrepreneurs in 1857. Other financial institutions in Vienna, such as the Allgemeine Depositenbank, Österreichische Allgemeine Bank, the Österreichische Escompte- and Creditbank, also founded their credit associations in the next few years.²⁹⁰ As already mentioned, Vienna's Savings Bank followed the institutions and successfully implemented the idea in 1873.²⁹¹

During the period of depression that followed the 1873 stock market crash in Vienna, Austria-Hungary showed increased interest in social affairs. The demand for craft reforms was urgent. The 1859 Trade Regulations (*Gewerbeordnung*) covered not only contemporary crafts but also factory production. The line between craft and industry could not be drawn. It was necessary to change the legislation in favour of the crafts because the industry had many advantages over the crafts. The industry utilised the latest technology, enabling it to mass-produce products more efficiently. Craftsmen could not compete

288 Lazarevič and Prinčič, *Zgodovina slovenskega bančništva*, 28.

289 Stiefel, *The Bankers' View*, 5–6.

290 Thausing, *Hundert Jahre Sparkasse*, 226–28.

291 *Ibid.*, 254.

on price with industrial production, which had large steam engines. Additionally, factories could attract the best workers and offer higher wages. The craftsmen's position was mainly affected by the problematic availability of much-needed capital, which would have allowed for more favourable loan terms.²⁹² Due to a lack of funds, the craftsmen struggled to obtain raw materials. During the period under consideration, customers bought the products of the craftsmen mainly based on promises to pay. However, craftsmen did not want to lose their regular customers and therefore gave the customers long periods between handing over the goods and receiving payment. The craftsmen did not have enough cash to purchase new materials.²⁹³ Banks preferred to finance already established and successful larger companies.

In 1856, Jan Nepomuk Horak founded the *Gewerblicher Aushilfskassenverein* (Craft Auxiliary Association) in Ljubljana. The primary task of this institution was to assist with cash loans and encourage savings among craftsmen. Nonetheless, its position remained poor.²⁹⁴ A group of traders in Ljubljana founded *Laibacher Gewerbebank* (Ljubljana Craft Bank) in 1867, which also had its Credit Association to improve the situation. Only a few years later, *Sterierische Escompte Gesellschaft* opened a branch in Ljubljana. Due to the strong competition and progress of the branch, Aleksander Dreó,²⁹⁵ the president of *Laibacher Gewerbebank*, proposed the merger of the two institutions. The merger in 1872 led to the liquidation of the credit company.²⁹⁶

The Carniolan Savings Bank saw a business opportunity. At the annual general meeting on 25 September 1875, the Board established the Credit Association. The following year, it prepared the Statute and began the incorporation process. The

292 Pančur, *Obrtna svoboda na zatožni klopi*, 24–25.

293 *Ibid.*

294 Perovšek, *Prilagoditev Schulze-Delitzschevih zadrúžnogospodarskih zamisli na Slovenskem*, 10.

295 Aleksander Dreó was a member of the Carniolan Savings Bank Association from 1864 to 1888. He held various positions on the board and also served as a trustee and vice president. From 1880 to 1888, he was the president of the Carniolan Savings Bank.

296 Potočnik, *Iz zgodovine ljubljanskih bank*, 115.

Ministry of the Interior ratified the Statute and approved the incorporation on 28 September 1874. The Savings Bank prepared instructions for the managers, and in February 1875, a proclamation with a brief explanation was published in the Official Gazette. On 1 April 1875, the Credit Association officially began business with customers. The Carniolan Savings Bank provided the initial capital for the credit business under its Statute. Credit Association received 500,000 guildens, and a maximum of 10 per cent could increase this amount.²⁹⁷

The Carniolan Savings Bank's Credit Association, founded in 1875, was primarily intended to enable tradesmen and craftsmen to obtain cheap loans. Every individual and every company that could independently run a business in Ljubljana or the Province of Carniola had the right to join the association. Table 5 presents the membership structure. Information about the structure was published only in a few annual reports of the association. Men predominated, while women made up only 13 to 20 per cent of all members. Under the 1873 Act, the associations were organised similarly. However, at the beginning of the 20th century, only a few had a credit at the Credit Association. The members registered in Ljubljana predominated. The reason for this is that in Ljubljana, as in most other centres of the Monarchy, the process of urbanisation and industrialisation was taking place.

Nevertheless, until the outbreak of World War I, it was the least industrialised of all the important cities on Slovenian territory. Crafts could still compete with industry. The old city centre even had a predominantly commercial and craft structure. Ljubljana was the most important centre and the capital of the Province of Carniola.²⁹⁸ Other parts of the province, however, continued agricultural. The proportion of representatives from the parts of Carniola was about 20 per cent of all members.

297 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 22–23.

298 Studen, *Pedenarca, ksel, kelnerca, žnidar*, 27–28.

Table 5 Members of the Credit Association²⁹⁹

Year	Men	Women	Associations	Ljubljana	Other parts of the Province of Carniola	Other parts of the Monarchy
1901	183	29	5	160	49	5
1902	168	34	2	157	40	7
1903	170	30	1	161	40	0
1904	159	30	2	152	36	3
1908	156	34	0	161	29	0
1910	131	33	0	133	31	

Membership in the association required a written application stating the loan. The application was decided by the committee of active members in cooperation with the management of the Carniolan Savings Bank. Within one month of admission to the association, the member had to pay 4 per cent, and from 1909, 5 per cent, of the approved loan amount. This was a guarantee for debts to the institution. This money went into a special guarantee fund. In addition, the new member had to pay 0.25 per cent of the loan for the Reserve Fund. The Statute specified the minimum and maximum amounts for the loan. During the first years of operation in 1875, the lowest amount was 200 crowns, and the highest was 30,000 crowns.³⁰⁰ Over time, the minimum amount remained unchanged. The maximum amount claimed changed several times. In 1913, when the amendment to the Statutes was passed, the maximum amount was doubled. Since then, it has been 60,000 crowns.³⁰¹

The obligations of the members did not end with the payments into the security and reserve funds. They were also liable if the insolvency occurred and the association was liquidated.

299 *Bericht über die Geschäftsergebnisse des Kreditvereines der Krainischen Sparkasse in Laibach* 1901–1904, 1908, 1910.

300 *Amtsblatt zur Laibcher Zeitung*, 27 February 1875, 348, Credit-Verein krainischen Sparkasse in Laibach.

301 SI AS 437, f. 34, K. k. Landesregierung für Krain, Laibach, am 29 Januar 1913, Zl. 2807: Satzungen des Kreditvereines der Krainischen Sparkasse in Laibach.

They were liable for the loan granted, regardless of the extent to which they had utilised the borrowed money. If they left the institution, the liability was valid for a full three years. This period ran after the end of the financial year in which the member left the institution.³⁰²

Graph 8 illustrates the evolution and relationship between the number of members and the total credits approved annually. Membership grew slowly and peaked before the end of the 19th century. Afterwards, the trend reversed, with a significant decline due to the consequences of the September events of 1908 and 1909. During this period, Slovenian politicians criticised the Association. They accused it of stopping the lending of money to craftsmen and traders of the Slovene ethnic group. Therefore, City Savings Bank Ljubljana allocated part of its funds and established its own Credit Association to fill the gap.³⁰³ Data on the national structure of the members have not been preserved. There is only one list from 1900, which, besides name, surname, loan amount and repayment schedule, also contained information on national affiliation. The list shows the following picture: of the total 223 members, 112 belonged to the Slovenian group, 85 to the Germans, and the remaining 26 were undecided.³⁰⁴

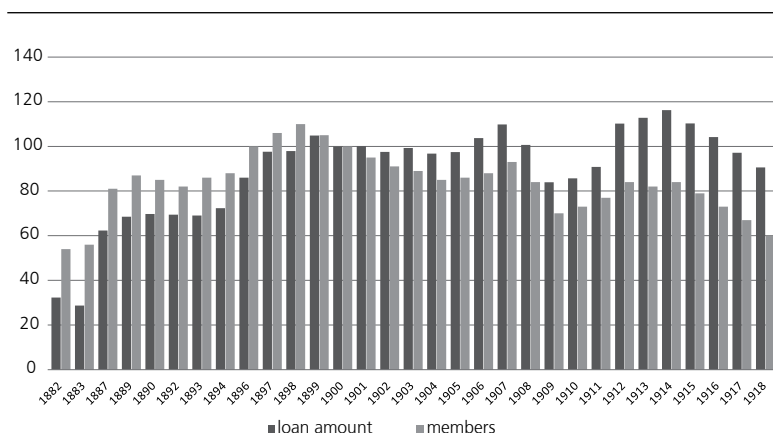
But credit continued to grow after the turn of the century. The first change also took place in 1908 and 1909. Nevertheless, the trend reversed upwards again. Graph 8 shows another peculiarity. The number of members, and thus the number of new loans, decreased even though the number of approved loans rose, suggesting that each member received a smaller amount of money.

302 SI AS 437, f. 34, Statuten des Creditvereines der. Krain. Sparkasse in Laibach. Laibach: 1898. SI AS 437, f. 34, K. k. Landesregierung für Krain, Laibach, am 29 Januar 1913, Zl. 2807: Satzungen des Kreditvereines der Krainischen Sparkasse in Laibach.

303 *Trgovski list*, 4 October 1939, 3, Kreditno društvo Mestne hranilnice Ljubljanske.

304 SI AS 437, f. 34, Credit-Verein der Krainische Sparcasse in Laibach. Verzeichniss der Credittheilnehmer nach dem Stande vom 22. Jänner 1900.

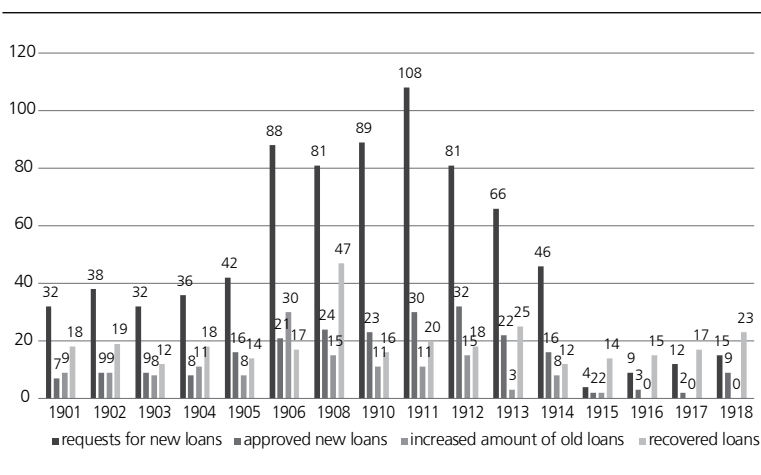
Graph 8 Ratio between the number of members and the sum of approved loans annually³⁰⁵



Until the beginning of World War I, the Credit Association regularly received many applications for membership, which the Board reviewed. The number of loans taken up fluctuated and was always less than the number of borrowers who met all the required conditions. The war in 1914, however, brought about another significant change, as shown in Graph 9. The number of applications fell sharply, and new loans were correspondingly small, but borrowers successfully met their obligations to the institution. The described relationship was not typical only for the Credit Association. The Carniolan Savings Bank also recorded an increase in loan repayments due to inflation, as the economy focused on production for war.

³⁰⁵ Base year: 1900. – *Rechnungs-Abschluß* (1882–1918). *Bericht über die Geschäftsergebnisse des Kreditvereines* (1901–1918).

Graph 9 Changes in the number of different segments of the credit business from 1901 to 1918³⁰⁶



Besides distributing credit to craftsmen and merchants in Ljubljana and the Province of Carniola, the association also managed bill transactions. It discounted bills of exchange with a maturity of not less than three months and not more than six months from submission. The bill of exchange had to bear the stamp of the borrower and the signature of at least one credit-worthy person or company that enjoyed a good reputation and had an undisputed ability to pay. The association also excluded the acceptance of draughts from borrowers responsible for the maturity of the draught and the place of payment specified in the Statute. However, a borrower should have additional collateral for this service, such as government securities or a mortgage loan.³⁰⁷

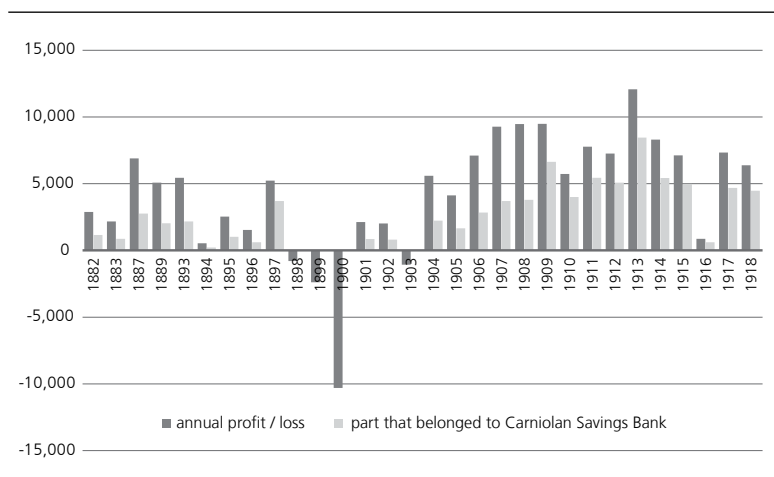
The management of the Credit Association consisted of a general meeting of all the members. The active members met once a year. There were also three committees: a Committee of

³⁰⁶ *Bericht über die Geschäftsergebnisse des Kreditvereines (1901–1918).*

³⁰⁷ SI AS 437, f. 34, Statuten des Creditvereines der Krain. Sparkasse in Laibach. Laibach: 1898. SI AS 437, f. 34, K. k. Landesregierung für Krain, Laibach, am 29 Januar 1913, Zl. 2807: Satzungen des Kreditvereines der Krainischen Sparkasse in Laibach.

Members, a Committee of Censors, and a special committee responsible for checking the books and accounts. The Committee of Members admitted new members and, in collaboration with the representatives of the Carniolan Savings Bank, decided on loans, announced possible back payments for the Security Fund, decided on the settlement of arrears and the cancellation of debts, distributed 15 per cent of the annual profits and changed interest rates. The Board of Censors consisted of three censors and a representative of the Savings Bank management. They were responsible for the decision and administration of the bills of exchange. If the necessary dissolution of the association occurs, a liquidation committee will be formed, which has specific tasks.³⁰⁸

Graph 10 Annual profit of Credit Association and the part of the profit that belonged to the Carniolan Savings Bank (in crowns)³⁰⁹



308 SI AS 437, f. 34, Statuten des Creditvereines der. Krain. Sparkasse in Laibach. Laibach: 1898. SI AS 437, f. 34, K. k. Landesregierung für Krain, Laibach, am 29 Januar 1913, Zl. 2807: Satzungen des Kreditvereines der Krainischen Sparkasse in Laibach.

309 *Rechnungs-Abschluß* (1882–1918).

After 1900, the values are in the ratio 2:1 compared to the period until 1899. Due to the transition to crowns, the limits are as follows: up to 200, 200–1000, 1000–2000, 2000–10000, over 10,000 crowns.

The Credit Association of the Carniolan Savings Bank generally made a profit; however, as shown in Graph 10, there were a few individual years when it did not achieve an annual profit. The annual profit was distributed in accordance with the Statutes. The Carniolan Savings Bank took 40 per cent of the amount to cover the expenses incurred in running the business. Besides the capital that enabled the smooth operation of the lending business, the Savings Bank also provided workers to manage the business. The Board of Censors received 15 per cent of the annual profits as compensation for their work with the bill portfolio. The last 45 per cent went to the Reserve Fund of the Association.³¹⁰ Since 1909, the distribution of net profit has changed. Seventy per cent belonged to the Savings Bank, 15 per cent to the College of Censors and only 15 per cent to the Reserve Fund.³¹¹

Taxes collected by the state strongly influenced the operation of all Credit Associations in the Austrian part of the Monarchy. Karl Luckmann first spoke about these problems in 1879. He called for reforms and, as an example, described the situation in the Credit Association of the Carniolan Savings Bank. In a short report, he discussed the success of the activity. Despite the success, the tax bill for the first three years, from 1875 to 1878, possibly endangered the Association's liquidity.³¹² A new complication in the calculation of taxes arose in 1898, when the savings banks and their credit institution had to pay new, increased amounts to the state due to the tax reform passed in 1896. The First Austrian Savings Bank in Vienna also felt the consequences. In 1898, it liquidated its Credit Association.³¹³

The Credit Association in Ljubljana faced similar problems, but it was more successful than the Viennese institution. At the extraordinary general meeting, the members discussed

310 *Bericht über die Geschäftsergebnisse des Kreditvereines* (1901), 5.

311 SI AS 437, f. 34, Informationen, 24 April 1909.

312 *Laibacher Zeitung*, 17 July 1879, 1391, Lokales. Aus der Handels- und Gewerbekammer für Krain.

313 Schmidt, *Das Sparkassenwesen in Österreich*, 44.

the possibility of liquidation. The Board lodged a complaint with the Ministry of Finance. However, when the Ministry could not decide in its favour, it dissolved the Association.³¹⁴ Graph 11 shows that at the turn of the 19th and 20th centuries, the institution had two successful years and, in 1903, a loss. From 1904 onwards, however, things picked up again, so it recorded a stable annual profit.

The only statistical report from 1913 contains data on the credit associations founded by savings banks. These institutions were not very widespread in the Austrian part of the Monarchy. The missing data provides no information on the number of associations. It does not answer how many were founded and liquidated in the period under consideration. Nevertheless, the data from 1913 are sufficiently informative: there were only 14 credit associations, two of which were in the Province of Carniola.³¹⁵

Grants for Seniors

In the last quarter of the 19th century, *Grants for Seniors* were introduced by the savings banks, which came into being under the umbrella of the banks in the larger cities (Austro-Hungarian Monarchy). They offered the more impoverished sections of the population the possibility of relatively secure old age provision. The first such institution began operations in 1889 at the Bohemian Savings Bank (Böhmischen Sparkasse) in Prague. Carniolan Savings Bank quickly took the initiative and passed a decree establishing this special fund at two General Assemblies on 28 March and 9 July 1889. On 1 January 1890, the *Grants for Seniors* of the Carniolan Savings Bank officially began its activities. Then from 1891 to 1895, similar funds were established in Teplitz, Graz, Brno, Klagenfurt and Innsbruck.³¹⁶

314 *Laibacher Zeitung*, 2 March 1901, 401, Vom Creditvereine der krainische Sparcasse. *Bericht über die Geschäftsergebnisse des Kreditvereines* (1901), 6–7.

315 *Statistik der Sparkassen* (1913).

316 Fritz, *150 Jahre Sparkassen*, 575–76. SI ZAL LJU 362, f. 29, Denkschrift, 1895, 24–25.

As France Kresal writes, social policy represents a system of efforts and actions by the state, society, and individuals to improve the living and working conditions of vulnerable groups and individuals. Its main purpose is to address and solve social problems. Developing industry brought a larger number of working people concentrated in cities and industrial centres. The growing proportion of the population without property, supported only by dependent labour, created social conditions that society could not properly deal with without adequate government social policy. In the first period, social policy addressed and corrected only the most pressing social problems, such as poverty, illness, accidents, and mortality, as well as the protection of workers. This was followed by a period when social policy began to regulate all labour issues systematically, and the state developed the first labour law and social insurance. However, state social policy was limited to solving the labour question, which became pressing in the second half of the 19th century.³¹⁷

The institution of the Savings Bank, as Christian Dirninger has pointed out, is an integral part or substitute element of state social policy. With the onset of industrialisation in the early 19th century, the social question arose, which was solved by industrial pauperism. Basic welfare in the sense of individual benefit provision emerged as the primary social policy challenge. In this context, individual benefit was inadequate and weak. There was a clear institutional need for such basic security among individual benefit providers. This need helped establish savings banks with primarily philanthropic motivations in the developing civil society, often with direct or indirect government support. In the late 19th century, during the period of high industrialisation, the social question changed its form. It brought with it the need to improve the opportunities and living conditions of the growing lower and middle classes of society. Mainly due to the

317 Kresal, *Socialna politika na Slovenskem do druge svetovne vojne*, 297.

fundamental crisis of economic and political liberalism in 1873, there was a gradual increase in the state's active role in social policy and the provision of individual benefits. Meanwhile, savings banks experienced a considerable expansion in terms of their number and social dimension. Their role seems to have been modified and expanded in terms of social responsibility. This is reflected, on the one hand, in corresponding socially acceptable interest rates and conditions in the lending and deposit business, and particularly in a considerable commitment to creating a corresponding public infrastructure, especially at the municipal level. But through adequate financing offers and, increasingly, through subsidised or philanthropic activities.³¹⁸

In the early years, most *Grants for Seniors* were well-received. However, at the turn of the century, stagnation set in.³¹⁹ The statistical report of 1913 also supports this. It mentions that only 18 out of 691 savings banks had a functioning *Grants for Seniors* in 1913. There were probably several reasons for the low incidence of these funds and the stagnation of the institutions. One of the most important was the state Regulation of employment relations during the period under consideration. The Monarchy regulated the position of workers, protecting them and introducing compulsory accident insurance. There was also appropriate legislation on sickness and pension insurance for some workers, but not for all those employed in industry. Nevertheless, until the beginning of World War I, there was no established insurance system as it exists today.³²⁰

The structure and purpose of these funds were nearly identical in all the institutions mentioned above. Depositors were typically from lower social classes, including factory workers, servants, trade and craft assistants, and lower officials. One of the main conditions was permanent residence in the town

318 Dirninger, *Historic dimension*, 10–11.

319 *Kranjska hranilnica v letu 1910*. Fritz, *150 Jahre Sparkassen*, 577.

320 Kresal, *Zgodovina socialne in gospodarske politike v Sloveniji*, 292. Hriberšek Balkovec, *Dokumentarno gradivo zavoda za pokojninsko in invalidsko zavarovanje Slovenije*, 360.

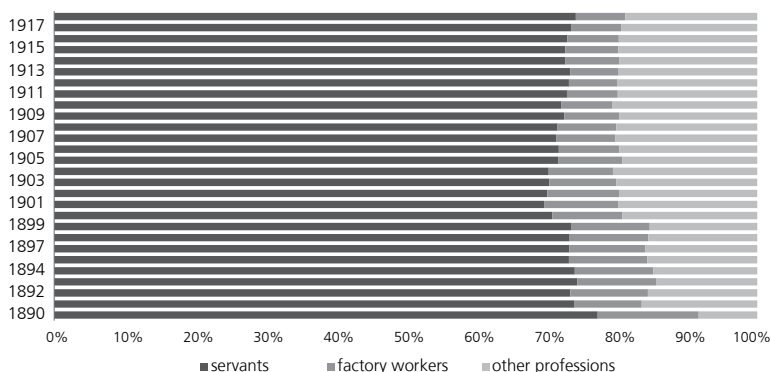
where the Savings Bank operated or in the immediate vicinity. In addition, savers had to be 18 years of age but could not be over 45.³²¹

The *Grants for Seniors* was designed so that each depositor had two savings accounts. The first Book was the usual one in which the money was invested. The Savings Bank remunerated these deposits at the usual rate of interest. Each year on 31 December, one-third of the interest received in the savings account (booklet A) was transferred to another fund account (booklet B). This part of the interest thirds was offset against the bonus of the Savings Bank from its net profit. The amount was set each year at the General Assembly of the Carniolan Savings Bank's Association. Additional money was limited to six times the transferred interest. When the savings account B reached 3000 crowns or when the depositor reached 70 years of age, this bonus ceased. Savings account B consisted of interest thirds with extras, which bore interest at a minimum rate of 4 per cent. The depositor did not receive the money from booklet B until he reached the age of 55. The saver could dispose of booklet A and two-thirds of the interest. The Savings Bank paid out money from booklet B only in exceptional cases. If the depositor died before the age of 55, his heirs could withdraw the account.³²²

321 Fritz, *150 Jahre Sparkassen*, 576. *Kranjska hranilnica v letu 1910*.

322 *Kranjska hranilnica v letu 1910*.

Graph 11 Professional structure of depositors³²³



Graph 11 shows the distribution of depositors by occupational structure. The Savings Bank published the data in its annual reports. Depositors were divided into three categories: Servants, Factory and Craft Workers,³²⁴ and Other Occupations. Servants accounted for about 70 per cent of all savers. Factory workers accounted for up to 10 per cent, and other occupations accounted for about 20 per cent of all customers. The proportion of male servants was almost negligible. Women made up over 95 per cent in this category. In the second category, the ratio was a little different. Female employees in factories accounted for about 70 per cent, leaving 30 per cent of male factory workers to use Grants for Seniors. During World War I, the gap was even wider, especially among factory workers. The proportion of men fell by a further 10 per cent.

Based on the data analysed, the question arises as to why women predominated in the two categories of fund users. The

³²³ *Rechnungs-Abschluß* (1901–1918).

³²⁴ In the Order of Crafts from 1859, there was no distinction between industry and craft. The difference was only quantitative. A workshop with 20 or fewer employees represented a craft. Industrial works, on the other hand, employed more than 20 workers. – Žnidaršič, *Ora et labora*, 160.

first category of servants was characterised by performing household chores and personal services in the cities, an occupation that was almost exclusively female. Therefore, this stratum was predominantly composed of women. Younger women predominated, and nearly all were single. Most came to Ljubljana from the surrounding villages or smaller towns. They were paid for their work with food, shelter, and some money, which they usually received monthly. Besides the poorly paid servants, the boys who served as male servants (e.g., butlers) in bourgeois families in Ljubljana formed a well-paid upper class within this occupational group. The higher pay was one reason why there were generally very few male servants.³²⁵

The reasons for the preponderance of women in the second user group, the workers employed in factories and crafts, are also found in the facts pointed out by Jasna Fischer. In 1890, 60 per cent of the industrial workers in Ljubljana were women. The number of industrial workers increased mainly due to the growth of the female labour force. Half of the women employed in Ljubljana worked in a tobacco factory.³²⁶ Besides Fischer, Sabina Ž. Žnidaršič found that in the city of Ljubljana and its surroundings, in contrast to other parts of the Province of Carniola, an above-average number of women were employed in the Ljubljana tobacco factory and in the Vevče paper factory. According to their calculations, in 1910, every third female worker in the country came from Ljubljana or the surrounding villages.³²⁷ As mentioned above, the primary condition for users of the *Grants for Seniors* was permanent residence in the city or within a short distance of the Savings Bank. It can be concluded that all these factors have undoubtedly contributed to some extent to the higher representation of women in this group of depositors.

325 Studen, Nekaj drobcev iz vsakdanjika ljubljanskih služkinj pred prvo svetovno vojno, 42–43.

326 Fischer, *Družba, prebivalstvo, gospodarstvo*, 132.

327 Žnidaršič, *Ora et labora*, 179–80.

Graph 12 Ratio between male and female employees in factories and crafts³²⁸



The *Grant for Seniors* of Savings Bank in Ljubljana made good progress in the early days, as did other institutions in the Austro-Hungarian Monarchy. But the beginning of the 20th century brought stagnation. The events in September 1908 and the outbreak of World War I led to a slight weakening of the trend, as shown in Graph 12. The data provides information only on the accounts closed and the total amounts withdrawn by users. However, the data do not provide insight into account movements in the intervening period.

Nevertheless, it can be concluded that the crisis period, e.g. in 1908 and 1909, also caused a delayed response in B accounts, as there was a larger number of closed A accounts and a negligible number of newly opened accounts. The end of the crisis led to a more intensive use of funds from B accounts in the following period. The number of new users also grew, reaching pre-crisis figures in 1914. During the war, however, stagnation prevailed. In the last year of the war, the closures of B accounts increased again.

³²⁸ *Rechnungs-Abschluß* (1890–1918).

Graph 13 Ratio between new and liquidated booklets³²⁹



In its first year, the *Grants for Seniors* had 335 depositors with an invested capital of 214,446 crowns. Three decades later, the report published for the 90th anniversary of the Carniolan Savings Bank in 1910 shows that the fund had 1031 savings accounts as of December 31, 1910. All accounts (A and B booklets combined) reached 996,325 crowns. Over 25 per cent of the money belonged to the B accounts, or about 378 crowns per booklet.³³⁰ At the end of the first year of the war (1914), 41 per cent of the total *Grant* belonged to Section B. There were about 449 crowns per account.³³¹ A look at the data from 1918 shows 1347 accounts in the *Grant*, 68 less than in 1914, and the total amount was higher, amounting to 1,323,273 crowns. However, the amount in the B accounts also decreased and amounted to a good quarter, or 28 per cent, of the total. This trend is also evident from the ratio of new to closed accounts. The amount in B accounts was higher than four years earlier and amounted to

³²⁹ Ibid.

³³⁰ *Kranjska hranilnica v letu 1910. Rechnungs-Abschluß* (1910).

³³¹ *Kranjska hranilnica v letu 1914*.

around 512 crowns per one.³³² In real terms, however, the severe inflation caused by the war must be taken into account.

The *Grant for Seniors* continued to operate despite the war. The Savings Bank continued to distribute net profits to depositors. However, it never reached the expected proportions. The fund represented one of the areas in which the Carniolan Savings Bank was active in terms of providing social support to disadvantaged populations.

332 *Rechnungs-Abschluß* (1918).

**THE SOCIAL
CONTEXT OF
THE CARNIOLAN
SAVINGS BANK**

In the early 19th century, philanthropy fulfilled its fundamental purpose. The bond between giver and receiver was an issue, but it was also the means to restore social peace. It was a form to replace old local habits and traditional forms. Rationalisation and centrally organised coordination, which interfered with politics on this issue, were a fertile background for conflicts between groups in different positions.³³³ The development of humanitarian activity encouraged individual and institutional charity. Social welfare and social happiness were the concerns of both private charity and public concern. Philanthropic initiatives also played a crucial role in this process. They all sought to mitigate the effects of the deterioration of the material situation of the poor stratum of society and bring them to the brink of social indifference.³³⁴ Local institutions and social ties were an important support for charity programs. Economic perspectives emphasised the connection between belonging and responsibility within communities. As central authorities became more involved in social welfare, *the concept of local responsibility* extended to the nation or state as a whole.³³⁵

The savings banks were involved in two types of philanthropic activities. They fought financial exclusion, which was one of the savings banks' original goals, and encouraged saving and lending to a less affluent population. A charitable component was also present in the financial activities of savings banks. Nevertheless, their financial activities benefited society. Without the obligation to pay private dividends, they could use undistributed profits to fund various social programmes as part of their philanthropic activities. They gave back to society instead of putting their net profits into their reserve funds. State banks and savings banks contributed to charitable works to improve the conditions of the poor and combat their financial exclusion.³³⁶

333 David, Guilhot and Mazbouri, Einleitung: Philanthropie und Macht, 19. und 20. Jahrhundert, 10–14.

334 Geremek, *Uśmiejenie in vislice*, 270.

335 Ibid., 269–71.

336 Comin, Historical roots of the social commitment of savings banks in Spain, 28–29.

The founders of the savings banks were philanthropists who wanted to improve the living conditions of the population. Their efforts were rooted in three basic principles: promoting savings, supporting the local community and operating as a private non-profit organisation. In the early 19th century, community leaders—including clergymen, industrialists, and military officials—served as patrons of savings banks, thereby benefiting both the community and individual members. They founded the bank without any self-serving motives and dedicated considerable unpaid work to their team.³³⁷ In the early period of the institutional system of savings banks, these institutions formed the backdrop to the “social question”. The term “social question” was understood as a form of early industrial pauperism.³³⁸

Savings banks played an important role in the everyday lives of people in the 19th century. On behalf of state or municipal authorities, they played an important role in supplementing the system of public social policy. They also operated outside the framework of the primary role of a financial institution, whose main activities were centred on collecting savings and distributing funds to the financial market. They helped with social measures, particularly health, social protection and education.³³⁹

During the period of the Habsburg Monarchy, the Carniolan Savings Bank promoted thrift among people experiencing poverty. The savings bank not only benefited individuals but also increased capital mobilisation and served local communities through charitable donations. The surpluses went primarily to individuals and institutions in need of financial support. However, the management of the savings bank was very concerned about its reputation. Numerous articles from various newspapers bear witness to this. Each article also contained a detailed list of all charitable organisations and the so-called “benefit donations.”

337 Rodriguez and Andersson, *Adaptation of the savings bank's social approach to their evolving environment*, 36–38.

338 Dirninger, *Historic dimensions*, 13.

339 De Noose, *Conclusions*, 158.

In addition to the fundamental principle that the population, mainly belonging to the lower social classes, could use part of their earnings for savings, Carniolan Savings Bank eventually created several benefits for the poorer sections of the population in Ljubljana and Carniola. The first such benefit was a pawnshop, established to commemorate the 15th anniversary of the savings bank. In the second half of the 19th century, more affordable housing for workers, Patient asylum for terminally ill and awards for long-serving employees (*dolgo službe posle*). The Carniolan Savings Bank focused on particularly vulnerable social groups such as orphans, the poor and the sick. All savings banks in the Austrian part of the Habsburg Monarchy were given a legal basis for social activities in 1844. The regulation allowed them to use part of their net profit yearly to provide financial support for individuals and various institutions committed to helping the most vulnerable.

TARGET GROUPS OF THE POPULATION

The annual report of the Carniolan Savings Bank for the 1913 financial year contains a short text entitled *Something about the history and development of savings banks*. It emphasises that in the 18th century, wealthy people lent money to rulers, cities and private individuals. This usually involved large sums of money. In this case, poorer members of society were excluded and had no opportunity to participate in financial transactions. Their money was usually kept at home, meaning they could not earn additional income. The author of the text explicitly emphasises that it was only the emergence of savings banks at the beginning of the 19th century that allowed society to change this situation. Contemporaries recognised a need for effective financial instruments that would cover as broad a section of the population as possible. These considerations led to organised fundraising and the transfer of savings from less wealthy individuals to the financial market. In the author's view, savings banks became important financial intermediaries that managed the savings of local community members in which they operated.³⁴⁰

340 *Kranjska hranilnica v letu 1913*.

Like most savings banks founded in the first half of the 19th century, the Carniolan Savings Bank had a dual function. It was founded in the spirit of the Enlightenment, and its founders worked with philanthropic principles. Their main task was to help people make better decisions about how to spend the money they earned. Individuals made the decisions about saving and spending, but through education, savings banks could bring additional income opportunities to the public and make them more attractive. The target group was low-income households. The savings of poor people were usually low, but there could be significant differences, especially when a larger number of people participated. The founders of the financial institutions were aware that money lying under a mattress was not available to the economy.³⁴¹

A crucial question is who the savings bank management considered the target group when the financial institution was founded and how this perception changed during the period under investigation. The motives for saving were diverse and difficult to empirically determine due to a lack of resources. However, previous studies have shown that savings banks pursued two approaches: they promoted saving for a rainy day and later “saving for a specific goal.”³⁴²

The purpose of the savings bank was defined in the first article of the savings bank statutes. In the first two statutes from 1820 and 1822, it was explicitly emphasised that the services of the savings bank were intended for the inhabitants who occupied a lower position on the social scale, as can be seen from the following quote:

The purpose of a savings bank is to enable the factory worker, the artisan, the foreman, the servant, the farmer, or any other industrious and thrifty minor or adult, to acquire from time to time a small capital for his hard-earned means, which he may later use

341 Thol, Poverty relief and financial inclusion, 4–5.

342 Ibid., 6.

for a better provision, for a dowry, for help in case of sickness, in old age, or for the realisation of some laudable project.³⁴³

The savings bank aimed to work for the benefit of people who were poorer but gainfully employed, i.e., those with a regular income. They could set aside part of their income and were seen as hard-working and thrifty in the eyes of the savings bank management. In the initial phase of the savings bank's activities, educating the population about the importance of saving and the benefits that following the recommendations could bring was an integral part of their strategy, as evident from an article published in the newspaper *Illyrisches Blatt* at the beginning of 1823.³⁴⁴ Together with the report on the previous year's work (1822), a special part of the text was published to promote the institution's activities and inform the readers. In this article, the management of the savings bank explained why people should save and what benefits they would gain from investing their money with the savings bank over the long term. They emphasised that savings booklets make an excellent gift for the birth of a child, a first communion or similar occasions. "The children received a savings booklets instead of a gift, and the elderly increased their capital with small grants [...] which will benefit the child later."³⁴⁵

In a follow-up article published in the next issue of *Ilirische Blatt*, attention was paid to apprentices and persons hired on larger estates and manors to help with the work, often in the catering business:

If we consider the dangers to which servants are exposed, especially at a young age or when constantly changing jobs, or the unhappy fate that awaits them in their helpless old age, then everyone must recognise the benefit of an institution which offers this class of people a convenient means of protection against want.³⁴⁶

343 SI AS 437, f. 38, *Statuten und Geschäftsordnung* [1822], 1 [own translation].

344 *Illyrisches Blatt*, 3. 1. 1823, 1–2, Sparcasse.

345 Ibid.

346 *Illyrisches Blatt*, 24 January 1823, 14, Sparcasse [own translation].

From the beginning, the savings bank management limited the amount the savings bank could accept in a deposit account. The minimum amount was set at 25 kreutzer and the maximum at 100 guildens. This was to prevent wealthy members of society from gaining access to its services. The amounts deposited in a savings account averaged between 40 and 79 guildens until 1826 and between 87 and 151 guildens in the following 14 years.³⁴⁷

Minor changes were made in the second half of the 19th century. The first article of the 1850 statutes, which also applies to the statutes published in 1867 and 1912, states that the savings bank aimed to promote industriousness and thrift among all social classes, with the emphasis on the more vulnerable groups, as can be seen from the following quote: "The Savings Bank aims to offer all people, especially the less well-off, the opportunity to save their pennies at interest and increase them over time to promote and revive diligence and thrift."³⁴⁸

Additionally, the minimum and maximum amounts the institution can accept in one account have changed. The minimum amount was set at 1 guilder from 1850 onwards and did not change until the beginning of the First World War. Even after the currency changed at the turn of the century, it was also one crown.³⁴⁹ The maximum permitted amount was changed in 1850 and 1867, first to 1,000 and then to 5,000 guilders,³⁵⁰ and abolished in 1872,³⁵¹ when an amendment at the state level allowed savings banks to work with a larger group of people.

The statistical reports of the State Statistical Office on the activities of savings banks in the Austrian half of the country have enabled the tracking of savings deposits since 1882. The following graph illustrates the evolution of the number of accounts with a maximum amount of 100 guilders or, from 1900, 200 crowns, following the currency changeover in the monarchy.

347 SI AS 437, f. 38, Ustanovitev Kranjske hranilnice, 18.

348 SI AS 437, f. 38, Statuten der Sparcasse in Laibach [1850], 1.

349 *Pravila in opravilni red Kranjske hranilnice 1912*, 7.

350 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 46.

351 Greisinger, *Die Mustersatzungen der Sparkassen*, 19.

The number of accounts increased until the mid-1890s, but then the curve reversed, and the number fell slightly until the end of World War I. There were more significant fluctuations in the total number of savings accounts. Nevertheless, the number of savings booklets with a low amount usually accounted for a third of all savings booklets.

The crisis period between 1908 and 1909³⁵² and the rush to save were characterised by a decline in both categories. The total number of savings accounts fell more significantly, while accounts with lower amounts decreased to a lesser extent; however, the proportion of books with low amounts remained over 30 per cent of all books.

Graph 14. Movement in the number of savings booklets with the lowest amounts³⁵³



352 For more information, see: Hönig, Carniolan Savings Bank and Slovenian-German relations in 1908 and 1909, 47–70.

353 Until 1900, the amount was 100 goldinars; after 1900, with the change in currency, the amount was 200 crowns. The ratio between the goldinar and the crown was 1:2 – *Statistik der Sparkassen* (1882–1913).

SOCIAL RESPONSIBILITY

In developed countries, the term “welfare state” refers to a fundamental institution that aims to provide a relatively decent standard of living for all citizens. Although this term emerged in its current meaning in the 1940s, its full development did not occur until 20 years later. Nevertheless, it can be said that the first pillars of social protection were created in the 19th century during the period of accelerated industrialisation. A significant segment is social policy, which states that society and individuals endeavour to improve the living conditions of vulnerable social groups.³⁵⁴

Even the representatives of the Enlightenment at the end of the 18th century believed that the state should play a constructive role in creating new jobs and productive resources. Educating people from low-income backgrounds to work more effectively with established practices was necessary. They defined and evaluated people according to the function they could fulfil in society and believed that every person, including people experiencing poverty, had value and the potential to achieve economic benefit. Moreover, this was a time of accelerated development of humanitarian activities, which encouraged individual and

³⁵⁴ Ștefan, European Welfare State, 26.

institutional charities to act more decisively. Private charity and public commitment complemented each other, pursuing the same goal. The initiatives were undoubtedly beneficial, trying to alleviate the consequences of the deteriorating material situation of the more vulnerable segments of society.³⁵⁵ Based on the ideas of the Enlightenment, the first savings banks emerged in Europe towards the end of the 18th century. They were part of the civil society of the time and played an important role in the economic, social, and political development of the following decades.³⁵⁶

In the years leading up to the 1848–1849 revolution, the issue of poverty became a significant social concern as a growing section of the population began to articulate its interests. Population growth, urbanisation and internal migration contributed to the impoverishment of a large section of society.³⁵⁷ Under the conditions of economic liberalism in the second half of the 19th century, a social policy began to develop that addressed the global solution of social problems, necessitating the creation of an independent system. Solving the issues of vulnerable population groups required more than repression, charity and self-help. The results of the changes became visible towards the end of the 19th century through the implementation of more interventionist social policies. This gradually replaced individual charity with almsgiving, which was replaced by state benefits and institutionalised forms of care.³⁵⁸

However, the classic dominance of the three main factors that pose the greatest threat to poverty—namely, old age, unemployment, and illness—persisted in the 19th and 20th centuries. As a result of these factors, the very young, the elderly, the sick and the disabled were more frequently affected by poverty and deprivation.³⁵⁹

355 Geremek, *Usmiljenje in vislice*, 270. Scheutz, Demand and Charitable Supply, 52.

356 Dirninger, Historic dimension, 13.

357 Scheutz, Demand and Charitable Supply, 59.

358 Kresal, *Zgodovina socialne in gospodarske politike v Sloveniji*, 33.

359 Scheutz, Demand and Charitable Supply, 68, 70.

Industry development required ever more workers, concentrated in greater numbers in cities and industrial centres. The result was a growing population that earned a living from their work. Society could no longer solve the new social situation on its own; the state had to step in and develop and organise a systematic solution to these problems. Initially, social policy primarily addressed and prevented the most prominent social issues, such as poverty, illness, accidents, and occupational health and safety concerns, and only later did it develop a system to regulate social security. Very slowly, social insurance and housing policies for workers began to be regulated, and trade unions, collective agreements, employment offices, chambers of labour and the like were established. At this time, many countries had established basic public health systems, insurance regulations, and education systems.³⁶⁰ It is important to note that the measures initially applied only to specific groups, such as miners, rather than to society as a whole. At the turn of the 19th and 20th centuries, social protection and thus the solution to social problems gradually extended to a broader range of social issues and challenges, which included life events such as unemployment, accidents related to deteriorating health, old age, but also events that caused additional costs for families, including the birth of children.³⁶¹

Social policy and social protection systems emerged in the time of German Chancellor Otto von Bismarck, but various social problems had already been tackled before him. Society was concerned with addressing numerous social issues, but these matters were often regulated in other ways due to varying social conditions.³⁶² The identification of a social problem was not enough to develop methods of social policy. The state and society initially addressed problems such as begging, protests,

360 Kresal, *Zgodovina socialne in gospodarske politike*, 11–15. Ştefan, *European Welfare State*, 26.

361 Van Lancker and Heede, *Economic equality and the welfare state*, 8.

362 See also: Kresal, *Zgodovina socialne in gospodarske politike v Sloveniji*, 13.

and rebellions through repression and repressive means. When these problems reached a critical threshold and ideas about addressing social issues matured, the state organised itself and began to address them. Changes in the economic structure also led to changes in the social structure of the population or to a shift in economic activities from agriculture to other areas where the labour force gained importance. It is important to emphasise that the social security of the entrepreneur was provided by his property, which the workforce did not have in this sense. Workers needed social security, which was guaranteed by the social policy system at the state level.³⁶³

From the very beginning, savings banks have played a significant role and functioned as complementary or substitute elements in solving social problems at a local level. According to the findings of Austrian historian Christian Dirning, these institutions were already implementing ideas based on social commitment to the common good decades before the term corporate social responsibility was invented.³⁶⁴ They represented a link between the solution of social issues and economic and socio-political development.³⁶⁵ At the beginning of industrialisation, the social issue emerged in the context of industrial pauperism, and the need to organise the protection of the weaker sections of the population at an institutional level became clear. However, the situation at that time was not yet mature enough for the state to take over the solution of social problems. Savings banks played a key role in this. They connected the weaker sections of the population with sources of financial resources.

In the period of accelerated industrialisation at the end of the 19th century, the social question began to emerge in a different form. It required an urgent improvement in the survival chances of the lower social classes. In the meantime, the role of savings banks has changed in several respects, notably

363 Ibid., 11–14.

364 For more information on the concept see: Savings Bank's Socially Responsible Activities, 10, 13. Farcane and Bureana, History of "Corporate Social Responsibility" Concept, 31–35.

365 Dirning, Historic dimension, 10–12.

in the expansion of their scope of financial transactions and in terms of their commitment to social responsibility. At that time, it was no longer only important to provide access to essential financial services but also to contribute to integrating the more vulnerable classes in society.³⁶⁶ It did not mean that the financial institutions were transformed into social institutions. However, the savings banks represented a successful combination of institutions geared towards making profits on the one hand and operating in the light of social responsibility on the other. It is important to emphasise that the Regulative of 1844, or the fundamental law, was of decisive importance as it clearly defined and, to a certain extent, restricted the activities of the savings banks. They could use the profit to strengthen the reserve fund, which was crucial for the institution's safe operation. Once this threshold was reached and represented at least 10 per cent of the funds invested in the savings bank,³⁶⁷ the institution could redistribute part of the net profit and use it for charitable purposes. In addition, the status of a pupil-safe institution was vital, as managing the assets of court-appointed wards allowed the savings banks to demonstrate to their own and potential investors that the money was kept safe.

Pawnshop

The development of the Carniolan Savings Bank made possible the introduction of a new type of credit in the first decade of the financial year. In 1826 it issued *Lombard loans*, i.e. lending money in exchange for securities, silver and gold. Despite this expansion, the Savings Bank continued to accumulate surpluses that it could not invest. Therefore, on 1 September 1833, the Savings Bank Board discussed the establishment of a new institution that would offer Lombard loans to Ljubljana citizens

³⁶⁶ Ibid.

³⁶⁷ SI AS 437, f. 38, Das Regulativ für die Bildung, Einrichtung und Überwachung der Sparkassen, 2 November 1844, 4.

who did not meet the conditions for mortgage or pledge lending. The management utilised surplus funds to establish a specialised pawnshop that would lend money in exchange for valuable items. The government upheld the decision and allowed the Savings Bank to set up a new institution. The pawnshop had begun operations on 4 November 1835, and on the 15th anniversary of the Carniolan Savings Bank.³⁶⁸

The pawnshop received funds from the Savings Bank and charged a 5 per cent fee for a pawn loan.³⁶⁹ These loans were small, fixed, short-term, secured loans used by low-income consumers. The pawn shop did not assess the creditworthiness of its customers. Managers made lending decisions based on the estimated value of the collateral. The amount borrowed was set as a percentage of the estimated resale value of the pledged collateral. If the loan was not repaid, the customer was given a grace period to repay the pledged property by paying the loan amount and all associated costs. If the customer did not refund the item or extend the credit, the pawn was pledged to the pawnshop. The pawnshop had the right to sell the item to recover the loan amount plus a profit margin.³⁷⁰ These institutions enabled the poorest to escape the clutches of moneylenders to whom they paid exorbitant interest rates.³⁷¹

The pawnshop experienced a considerable annual turnover in its first years of operation. It quickly became popular among the poorer classes of society because it protected them from usurers.³⁷² In the early years, the pawnshop was located in a separate building adjacent to the Civic Hospital (Meščanski špital). It remained in these premises until 1838, when the Savings Bank bought its building. At the new location, the pawnshop also had rooms set up for business. The pawnshop had employees

368 SI AS 437, f. 38, Ustanovitev Kranjske hranilnice, 11–12. *Rechnungs-Abschluß* (1908).

369 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 31–32.

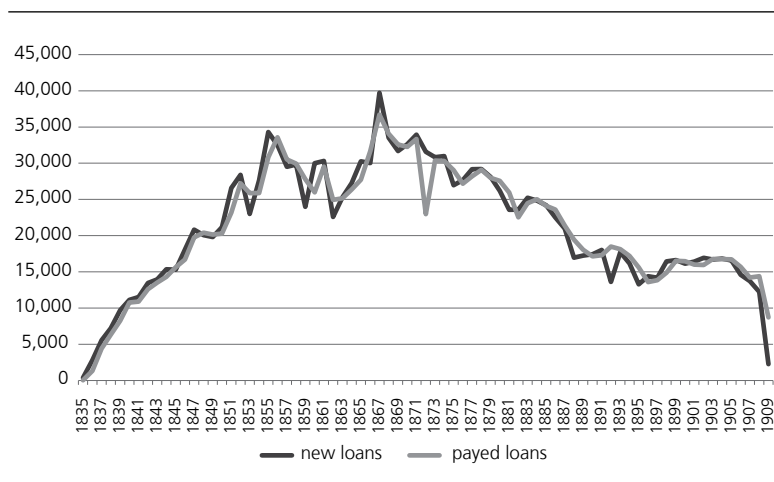
370 Payne, Skiba and Paige, Pawnshops and Behavioral Economics, and Self-Regulation, 193. Prager, Determinants of the Locations of Alternative Financial Service Providers, 23.

371 Comin, Historical Roots of the Social Commitment of Savings Banks in Spain, 29.

372 *Kranjska hranilnica v letu 1910*.

who were also employed at the Savings Bank, including a book-keeper, a cashier, a clerk, an administrator of pawned items, two appraisers, and a servant. The weekly working hours for work with the customers were adjusted and divided between the two institutions.³⁷³

Graph 15 Ratio between numbers of new and paid loans³⁷⁴



A close examination of the data on the number of customers shows the prevalence of pawnbroking. During the first period, the number of users increased with slight variations. In 1855, there was a decline, but the trend reversed quickly. The peak was reached in 1867, when over 70,000 transactions were made in a single year, encompassing both the loans issued and repaid. Since then, the trend had been downward until the liquidation in 1910. The ratio of loans issued to claims repaid was even, with a slight variation in 1872, when the difference was the highest. The number of claims paid reached only 72 per cent of the number of new loans issued.³⁷⁵

³⁷³ SI AS 437, f. 38, Ustanovitev Kranjske hranilnice, 11.

³⁷⁴ *Rechnungs-Abschluß* (1905).

³⁷⁵ *Ibid.*

Despite its initial popularity, it fell short of expectations as it was entirely dependent on annual donations from the savings bank and made losses most of the time. This is unsurprising, as it was intended for people who had great difficulty meeting their basic needs. The advantage was that it did not check the creditworthiness of its customers and granted credit to anyone who owned valuable property, which they could use to guarantee the repayment of their debts. On the other hand, the pawnshop had the right to sell the pledged property if it was unable to collect the debt. However, the pawnshop was more accessible, offered credit terms with a lower interest rate, and protected people from usurers who lent money to individuals on very unfavourable terms. It peaked in 1867 when more than 70,000 transactions were made.³⁷⁶ The pawnshop was one of several measures the Savings Bank took during the reporting period. In addition to its basic activities, it developed several different services that individual population groups utilised. Its activities extended to several levels, which were particularly important in the second half of the 19th century. In the spirit of the changes brought about by the growth of the working class, gradual industrialisation, modernisation and urbanisation from the 1880s, the Savings Bank also focused on these social classes living in Ljubljana or its immediate surroundings.

Nevertheless, the management of savings banks' expectations that the loans made to the pawnshop would yield a profit were not fulfilled. The pawnshop's expenses exceeded its income, and the Savings Bank had to cover this loss from its income or the Reserve Fund.³⁷⁷ In the last decade of the 19th century, the pawnshop experienced poor results, and the number of customers was significantly lower than in the previous period. The pawnshop operated at a loss until 1896, and then showed a slight profit from 1897 onwards. The net profit was

³⁷⁶ Ibid.

³⁷⁷ *Kranjska hranilnica v letu 1910*.

very modest and insufficient to cover the employees' salaries.³⁷⁸ The Carniolan Savings Bank underwent significant changes after 1897. Besides regular annual subsidies for loans disbursed, the Savings Bank assumed the salaries of employees and the expenses of management. Between 1897 and 1907, due to structural changes, the pawnshop generated a net profit of over 15,000 crowns, or approximately 1,300 crowns annually. Although the situation seemed to have improved, the September events and the boycott in 1908 were fatal for the pawnshop. As of 1 December 1908, the institution ceased to accept items. The management of the Savings Bank wrote off debts and returned items taken in pledge for the smallest amounts, up to 2 crowns. In 1907, the subsistence minimum was 8 crowns per person per week.³⁷⁹ They returned items to the owners without compensation, valued at a total of 1,850 crowns, and the liquidation process was completed on 1 January 1910.³⁸⁰

Affordable Housing for Workers

The housing problem in Ljubljana was one of the most important issues in the second half of the 19th century. From 1880 to 1910, the population in Ljubljana increased by 60 per cent. Industrialisation and urbanisation increased the pressure, and a growing shortage of small, affordable, and suitable housing emerged for the poorer inhabitants, including factory workers, small craftsmen, lower-ranking officials, and various members of marginalised groups. These social groups were characterised by spatial deprivation, and the apartments were mainly damp, dark and, in some cases, entirely unsuitable for habitation.³⁸¹ The number of suitable housing units was insufficient, and the

378 SI AS 437, f. 10, Ausserordentliche Generalversammlung vom 20 October 1908, No. 3989, Antrag wegen Auflassung des Pfandamts.

379 Kresal, *Zgodovina socialne in gospodarske politike v Sloveniji*, 316.

380 SI AS 437, f. 38 Zgodovina hranilnice od 1909 do 1918, 3. *Rechnungs-Abschluß* (1908).

381 Studen, *Modernizacija načina življenja*, 111.

housing shortage increased. In 1872, at the request of the Ministry of the Interior, the Ljubljana City Council was commissioned by the provincial government to develop proposals for improving housing policy. At that time, the mayor concluded that there was no housing shortage, but rather that the apartments of the less affluent classes and workers were overcrowded and did not even meet the minimum hygienic standards. The mayor drafted a proposal to offer tax relief for converting empty granaries and stables into small apartments.³⁸² A major change occurred only after the 1895 earthquake, when more intensive building activity began. However, it was concentrated among the wealthier sections of the population, who were able to build larger and more expensive apartments. With the accumulation of capital, they had the opportunity to remodel, demolish, and rebuild houses and other buildings.³⁸³

In 1883, the Carniola Savings Bank decided to provide a sum of 100,000 crowns for the construction of low-cost housing for workers.³⁸⁴ Josef Luckman, the director of the savings bank at the time, undertook the implementation of this idea. He was joined by several other prominent members of the Savings Bank Association, such as Ottomar Bamberg, Anton vitez Gariboldi and Artur Mahr. On 2 June 1886, the provincial government approved the statutes of the new association. The institution was named "Society for the Construction of Housing for Workers Housing in Ljubljana." It had 15 members, including one representative each from the city municipality and the Carniolan Savings Bank, in addition to Josef Luckmann, who took over the role of president, and the three aforementioned members of the Savings Bank, Kamilo Baumgartner, Adolf Galle, Peter Lassnik, Karel Luckmann, Josef Luckmann Jr., Emerik C. Mayer, Ivan Rezori, Adolf Schaffer and Robert Schrey pl. Redlwerth. Most of the members of the new association were also members of the

382 Valenčič, *Gradbeni razvoj Ljubljane*, 143.

383 Studen, *Stanovati v Ljubljani*, 27, 142.

384 *Kranjska hranilnica v letu 1910*.

Carniolan Savings Bank Association. The management of the savings bank kept its promise at the beginning of June 1883 so that the new association got 100,000 crowns.³⁸⁵

Society for the Construction of Housing for Workers was founded as an exclusively non-profit organisation and was therefore not entitled to make a profit. The association received the funds for the construction in the form of voluntary contributions,³⁸⁶ mainly from the Carniolan Savings Bank. Part of the money came from the rents paid by the residents. Due to security measures, the association was not authorised to take out a loan. The money that the association collected from the rents could only be used for the maintenance costs of the apartments or the construction of new buildings.³⁸⁷ The successful operation of the association is also evidenced by the fact that an apartment was converted into an office when houses numbers 8 and 9 were built in 1906.³⁸⁸

The main goal and purpose of the association was to build apartments for workers, independent small craftsmen, and factory employees. Residents paid rent for 15 years and then acquired the right to live in the apartment for the remainder of their lives.³⁸⁹ In 1903, the 15-year period expired, and the first five residents or families acquired the right and stopped paying rent.³⁹⁰ From its establishment in 1886 until the beginning of the First World War, the association built ten houses for workers and their families in Bežigrad. The settlement was connected to the city water supply until the end of the 19th century. As a sign of gratitude, the city named the street in which the houses were located Hranilniška ulica (Savings Bank's Street). A public tender was organised for the construction work. However, most

385 Suppantšitsch, *Društvo za gradnjo delavskih stanovanj*, 4.

386 *Amtsblatt zur Laibacher Zeitung*, 7 April 1906, 732, Danksagung.

387 Statuten des Vereines zur Herstellung von Arbeiterwohnungen, 19.

388 Suppantšitsch, *Društvo za gradnjo delavskih stanovanj v Ljubljani*, 11.

389 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 46. Statuten des Vereines zur Herstellung von Arbeiterwohnungen, 10, 14–15.

390 *Laibacher Zeitung*, 7 October 1903, 1961. Ein festlicher Gedenktag in unserer Arbeiterkolonie.

of the work was done by Viljem Treo, a Slovenian builder and entrepreneur who also built the Carniolan Savings Bank building.³⁹¹ The following table shows the dynamics of construction and the costs incurred by the association in the period under review.

Table 6 Costs for housing constructions from 1886 to 1908³⁹²

Year	House	Number of apartments	The costs (crowns)
1886	Land	/	25,000
1888	I. in II.	16	32,000
1889	III. in IV.	16	45,000
1894	V.	8	no data
1897	VI. in VII.	16	40,200
	Water supply	/	2,700
1906	VIII. in IX.	15 + 1	61.000
1908	X. (Luckmann's house)	9	51.000
Together		81	

The Society initially acquired land in the then-suburb of Kapucin with funds received from the Carniolan Savings Bank. Leon Suppantšitsch, the secretary of the association, described the situation and the advantages that led to the selection of this plot of land in his report on the 25th anniversary:

The always dry gravel soil is very suitable for building, and the apartments here are very healthy, bright, airy and sunny, and compared to the apartments that the workers of Ljubljana can build, which are still dark, damp, crowded underground, attic or courtyard apartments, much better and more advanced.³⁹³

391 Suppantšitsch, *Društvo za gradnjo delavskih stanovanj*, 5, 8. SI ZAL LJU 489, Reg I, f. 877, Gradbeni načrti Kranjske hranilnice.

392 Suppantšitsch, *Društvo za gradnjo delavskih stanovanj*, 4–13.

393 Ibid., 5.

They built two houses at a time. The exceptions were house no. 5, which was built with the funds from the rents, and house no. 10, for which the money was provided exclusively by the Carniolan Savings Bank. It was built in memory of Joseph Luckmann, who not only held a leading position in the Society for the Construction of Housing for Workers,³⁹⁴ but was also president of the Carniolan Savings Bank Association.³⁹⁵ This move was part of a well-thought-out self-presentation practised by the financial institution on various occasions, such as visits by high-ranking state representatives or celebrations of the institution's activities.

Ljubljana was a poorer provincial city within the Habsburg Monarchy, and the average rent was also modest. People in the city and its suburbs paid an average of 359 crowns in one year. Data on the prices of the annual allowance have been preserved for 1910. For a small apartment, it was necessary to pay up to 120 crowns; the cost of most apartments ranged between 121 and 400 crowns.³⁹⁶ The rent for workers' apartments owned by the Society was 120 crowns for one room and a kitchen, 180 crowns for two rooms and a kitchen. Tenants also had a garden of 100 to 200 m².³⁹⁷

The houses had eight apartments, half of which had one room and a kitchen, while the other half had one room, a study and a kitchen. In 1913, a total of 405 people resided in 81 apartments, comprising 78 men, 77 women, and 250 children. There were 16 families without children, and the remaining 65 had between one and eight children, resulting in an average of 3.85 children per family. Leon Suppantisch also recorded the nationality of the residents in his report, of which 86 per cent were Slovenian and the remaining 14 per cent German. As far as the occupational structure was concerned, these houses were

394 *Rechnungs-Abschluss* (1906).

395 Suppantisch, *Društvo za gradnjo delavskih stanovanj*, 11.

396 Studen, *Stanovati v Ljubljani*, 31.

397 *Kranjska hranilnica v letu 1910*.

occupied by members of the lower classes, including craftsmen such as carpenters, locksmiths, railroad employees, and factory workers.³⁹⁸

Emperor Franz Joseph's Patient Asylum

In 1839, the Carniolan Savings Bank used part of its net profit for charitable purposes for the first time, a practice it continued until 1927. As it had sufficient reserves, it distributed the surpluses to various people and institutions that required financial support for ongoing operations. From the 1860s onwards, it awarded scholarships to students and supported the training of teachers. It also granted funds to orphanages, hospitals, churches, fire departments and organisations that cared for the poor and sick. The Savings Bank covered part of the costs for the construction of the provincial hospital in Ljubljana, the hospital in Kandija near Novo mesto, the children's hospital in Ljubljana, the women's hospital in Novo mesto and the hospital in Kočevje.³⁹⁹

Until around the 1870s, old, poor, infirm and terminally ill people were primarily housed in institutions named poorhouses and hospitals. However, there was always a shortage of space for these individuals, and hospitals were generally unwilling to accept and care for them. There were many excuses, but one of the most common was that these people would take up space that could be used by those who could cure them. In 1881, the Provincial Committee decided that hospitals could not treat incurable patients until their illness had worsened.⁴⁰⁰ Until the end of the 19th century, there was only one Asylum in St. Joseph's, which was intended for the care of the terminally ill. The civil provincial hospital in Ljubljana, built in 1893, also had a special

398 Suppantšitsch, *Društvo za gradnjo delavskih stanovanj*, 15.

399 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 36–40. SI ZAL LJU 362, f. 29, Denkschrift, 1895, 28–39.

400 Studen, Stari, onemogli, neozdravljivo bolni, 194.

award for the terminally ill. At the end of the 19th century, poor and terminally ill people were cared for in almshouses. At this time, there were three almshouses in Ljubljana.⁴⁰¹

In his speech at the opening of Emperor Franz Joseph's Patient Asylum in 1910, Carniolan Savings Bank's president said: "The new institution was and is an urgent need for the province" and briefly described the situation in the Province of Carniola. Until 1910, there was only one Institute for the terminally ill in Ljubljana called St. Joseph. Due to poor financial conditions, the institution, founded in 1876, charged for care. The situation was also bad in the other parts of the province. In the Province of Carniola, there were two other such institutions, one in Komenda, founded by Peter Pavel Glavar in the 18th century, and another in Idrija.⁴⁰² The ward for these patients, in addition to the facilities, was also located in the Provincial Hospital in Ljubljana, which was opened in 1895.⁴⁰³

On 30 April 1870, Franz Joseph signed a law that for the first time regulated the organisation of public healthcare in the Habsburg Monarchy. The state administration had to keep records of medical personnel and to control all medical institutions such as hospitals, psychiatric clinics, maternity hospitals and institutions for the terminally ill. The Province of Carniola received the first provincial health law in 1888.⁴⁰⁴

From the moment Carniolan Savings Bank gave part of its annual profits to charity, some of the money was spent on caring for the poor and sick in the Province of Carniola. A long list of institutions includes, among others, the Poor Treasure of the Ljubljana Municipality, the "Vincent Society" in Carniola, the "Provincial Support Association of the Red Cross," and the Evangelical Women's Association. Moreover, it donated money on various occasions to construct multiple hospitals. The Savings Bank covered part of the cost of building a provincial civil

401 Anžič, *Skrb za uboge v deželi Kranjski*, 54, 95. Lazarevič, *Ubožna oskrba v Ljubljani*, 41.

402 *Slovenec*, 19 April 1910, 2, Dom revežev.

403 Šega, *Zdravstvene in higienske razmere v Ljubljani*, 15.

404 Keber, *Čas kolere*, 177–78.

hospital in Ljubljana, a hospital in Kandia near Novo mesto, the Elizabeth Children's hospital in Ljubljana, a women's hospital in Novo mesto and a hospital in Kočevje. In 1895, however, it established its own Institute for the terminally ill.

A fundamental problem was the care of people who were severely impoverished and terminally ill simultaneously. There was a lack of facilities for these people. As Andrej Studen noted, these institutes were an integral part of addressing poverty and the complex healthcare system for the sick and poor.⁴⁰⁵ Hospitals usually wanted to get rid of these patients. The main argument was that their health could not improve, and they occupied beds that could be used by patients who were curable. The law, published on 17 June 1869, stipulated that incurable patients could not be treated in hospitals until their illness had worsened.⁴⁰⁶ Since 1883, municipalities have been responsible for caring for poor people who have home rights in their city. The town provided financial assistance and proper medical care to those who became impoverished and unable to work. The care for these people included the necessities of life, care for illness, burial for the poor, and care for poor children.⁴⁰⁷

The historian Christian Dirningen's observation that savings banks repeatedly contributed to the rescue and resolution of important social issues also proved true in the case of the Carniolan Savings Bank. Due to the unenviable situation, the Savings Bank took advantage of the 75th anniversary celebrations and issued a decree to establish a special institution in 1895.⁴⁰⁸ At the 1895 General Assembly, the Carniolan Savings Bank Association passed a resolution on the Institute for Incompatible Patients' Imposition. They established a special fund into which they invested one million crowns to maintain the Institute and to cover the cost of constructing the Institute building. Initially, they planned accommodations for 200 patients, consisting of

405 Studen, *Stari, onemogli, neozdravljivo bolni*, 194.

406 Anžič, *Skrb za uboge v deželi Kranjski*, 94–95.

407 *Ibid.*, 40–41.

408 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 62–63.

100 women and 100 men.⁴⁰⁹ However, it turned out that these figures were very ambitious. In 1896, the Board of the Savings Bank purchased land to the extent of 26,000 km². In the same year, a committee was formed to manage the fund and prepare the construction plan.⁴¹⁰

The administration initially set up a special fund to invest one million crowns. This money was used to cover the costs of constructing the building, while the remainder was earmarked for the maintenance of the facility and the costs associated with caring for the users. The plan was implemented two years later. Under the charter of 5 July 1897, approved by the Provincial Government of Carniola on 17 November 1897, Emperor Franz Joseph's Patient Asylum was established. It was intended for the "free care of incurable poor patients from the Province of Carniola."⁴¹¹ In early July 1908, the Savings Bank Board Committee began construction of the building. The construction costs, including interior furnishings, were estimated at 600,000 crowns, and a balance of one million crowns was saved for the institution's upkeep.⁴¹²

The construction of the building was completed in 1909, and it was officially opened in the first half of 1910. The newspaper *Slovenec* reported extensively on this event. The article provides a description of the building and a brief history of the institution's establishment. The text particularly emphasises that:

the Institute was and is an urgent need for the country. There are only a few hirers' shops in Carniola. In Ljubljana, there is only one chiral hospital [...] St Joseph's Hospital in the suburb of Šempeter, which, with a few exceptions, can only admit patients on a reimbursement basis.⁴¹³

409 Ibid., 62, 72.

410 *Slovenec*, 19 April 1910, 2, Dom revežev.

411 SI AS 437, f. 21, Splošno o ustanovah. *Kranjska hranilnica v letu 1910*.

412 *Rechnungs-Abschluß* (1897). *Kranjska hranilnica v letu* (1908, 1909).

413 *Slovenec*, 19 April 1910, 2, Dom revežev [own translation].

In the liberal journal *Slovenskegi narod*, however, only a short commentary entitled “Hypocritical Call” was published. The author of the article wrote about the president of the Savings Bank and the fact that worried him the most. The commentary reveals that the antagonism between liberal Slovenian politicians and the Carniolan Savings Bank remains unresolved.⁴¹⁴

[...] he called us Slovenians to act together when he set up a shelter for terminally ill patients. His words were not sincere, however, because the curatorship of this institution was elected by the Germans themselves. The Germans, therefore, refuse to work with us, even in a philanthropic society, even though it would be only right that Slovenians should be called to such a charitable enterprise, which is dedicated to the Slovenian land and which was set up with Slovenian money.⁴¹⁵

The first patients were admitted in May 1910. The asylum was managed by a curatorium, which drew up the House Rules and the Principal Provisions for the Admission of Inmates. The Sisters of Charity of St. Vincentius of Pavlinsk took care of the patients and were responsible for the upkeep of the house, the garden and food preparation. Initially, they intended to admit 200 patients, 100 women and 100 men. The planned numbers were very ambitious. The management quickly realised that reducing the number to 100 patients was necessary. Ultimately, it turned out that even though this figure was too high, the establishment received only 50 patients.⁴¹⁶ Reports on the operation of the Asylum were part of the annual reports of Carniolan Savings Bank, as shown in the following table 7.

The Board of Trustees was responsible for operating the institution and for admitting patients. This Board made rules for the staff and house rules for the patients. “Merciful Sisters of St. Vincent Pavlinski” took care of patients, food preparation, and building and garden maintenance. Other employees included

414 See also: Hönig, Economic and altruistic motives in philanthropic work, 162–66.

415 *Slovenski narod*, 28 April 1910, 2. Hinavski klic [own translation].

416 *Kranjska hranilnica v letu 1910*.

maids, servants, cooks, a janitor, machine servants, and a priest. There were about 20 people employed. Care was free and included room, services, clothing and shoes, medical assistance, necessary medicines, spiritual strengthening, and a simple ceremonial funeral. Three doctors provided medical care.⁴¹⁷

Tabela 7. Maintenance costs of Emperor Franz Joseph's Patient Asylum (in Crowns)⁴¹⁸

	1910	1911	1912	1913
Income	32,633	42,965	42,839	47,755
Expenses	32,632	42,310	41,744	47,234
Dependent (per day)	/	2.31	2.22	2.58
Dependent (per year)	534.95	846.43	815.04	944.62

The total annual costs amounted to approximately 45,000 crowns, and the balance sheet total included salaries, wages, office supplies, fuel, building maintenance, clothing, food, medicines, funeral expenses, and administrative costs. The amounts for the year 1910 were lower, as the institution only took in its first users at the beginning of May. The care of a patient cost around 2.5 crowns, which corresponds to around 18.06 € in 2023.⁴¹⁹ On an annual basis, this is between 815 and 945 crowns. To get a better idea, one can refer to the annual salary of the lowest official in the Carniolan Savings Bank, which amounted to around 1200 crowns.⁴²⁰ The care was free, and the savings bank did not require any compensation. It included accommodation, food, servants, clothing, medical care, medicines, spiritual assistance, and a simple funeral. The costs exceeded the Savings Bank's expectations, but it adhered to the basic principles in the

⁴¹⁷ *Kranjska hranilnica v letu 1910*.

⁴¹⁸ *Kranjska hranilnica v letu (1910–1913)*.

⁴¹⁹ For the calculation, a converter was used: Historischer Währungsrechner, Finanzbildung durch die Oesterreichische Nationalbank.

⁴²⁰ SI ZAL LJU 176, f. 17, Knjiga uslužbenecv.

founding letter of 1897, and care was provided free of charge.

Although the planned number of patients admitted was reduced from 200 to 100, that number was still too high. The institution could accommodate up to 50 patients. The maintenance needs in 1913 amounted to almost 50,000 crowns, which was more than the Savings Bank had planned. The cost of one patient per day averaged 2.5 crowns.

Except for the first year of operation, when 61 patients were admitted, the number of patients stabilised at 50. There were more women than men. Single persons predominated. Nonetheless, there were almost a quarter of widows and widowers. The patients had various occupations during their lives, including workers, craftsmen, teachers, civil servants, cooks, maids, servants, and seamstresses. Some patients left the asylum voluntarily. Another part severely violated the house rules and therefore had to leave.⁴²¹

Table 8 Movement of the numbers of patients in the Institute

	1910	1911	1912	1913	1914	1915	1916	1917	1918
Total	61	50	50	50	50	49	49	49	48
Women	34	26	26	26	26	26	26	26	28
Men	27	24	24	24	24	23	23	23	20
Single	39	32	32	36	37	36	34	34	34
Married	9	3	2	4	1	1	2	3	1
Widow / widower	12	14	14	9	11	12	13	13	12
Divorced	1	1	1	1	0	0	0	0	1
Died	3	4	2	5	9	6	3	4	2
Women	3	2	1	1	4	2	2	1	1
Men	0	2	1	4	5	4	1	3	1

⁴²¹ *Rechnungs-Abschluß* (1910–1918).

During World War I, the asylum was part of the chain of military hospitals operating in Ljubljana. In the hospital, there were wounded and sick soldiers from various battlefields. In the Institute's annual accounts, the maintenance costs for asylum and a military hospital during the war were not separated. Therefore, it is challenging to determine the price of caring for one person. Other income since 1914 has included reimbursements from the Red Cross, the military medical department, and the sale of produce from the garden. In the first half of 1918, the military hospital ceased operations. Between 1914 and 1918, doctors treated a total of 4039 wounded and sick soldiers of the Austro-Hungarian Monarchy.⁴²²

Awards for long-serving employees

In 1910, the Carniolan Savings Bank celebrated its 90th anniversary, and on this occasion, it introduced the last benefit for employees before the outbreak of the First World War. From 1911, they were supported within the framework of the so-called "Awards for long-serving employees" (*Nagrade za dolgo službe*).⁴²³ The financial support was intended for professions that belonged to the most exploited, neglected and disadvantaged sections of society. Women were in the majority in this profession, as housework and personal services were women's jobs.⁴²⁴ The annual report for 1910 states: "The purpose of this agreement is to provide the long-serving individuals who belong to our depositaries with a small reward for their perseverance and loyalty in service and thus to allow them to share directly in the income of our institution."⁴²⁵

The savings bank management set the amount of the prize fund at 3,000 crowns, and 60 recipients received a prize of 50

422 *Rechnungs-Abschluß* (1918).

423 *Kranjska hranilnica v letu 1910*.

424 Studen, Nekaj drobcev iz vsakdanjika ljubljanskih služkinj, 42.

425 *Kranjska hranilnica v letu 1910*. [own translation].

crowns in one year. All persons who had served the same family in the Province of Carniola for at least 15 years without interruption and had been depositors at the Savings Bank for at least three years were eligible to participate.⁴²⁶

The management of the Carniolan Savings Bank published the data collected on the awards granted between 1911 and 1913 in the annual report for the 1913 financial year. In three years, the savings bank received an average of 150 applications per year, most of which met the conditions, with preference given to those who had worked for a family for a long time and had held a savings booklet for several years. The following was written about the social situation of these individuals:

[...] the figures show us that there are still many businesses in Carniola that have been in the service of the same master for a relatively long time and that the masters also endeavour to maintain loyal businesses that can be trusted and that still find support in the family of the servant in old age.⁴²⁷

Employees in less valued professions were also considered. The Savings Bank also promoted saving among those sections of the population who were not yet able to invest in their future and were not accustomed to doing so.

426 *Kranjska hranilnica v letu 1913*.

427 Ibid [own translation].

PHILANTHROPIC WORK

Using surpluses of net profit was an essential element in the work of savings banks and must be regarded as constitutive from the beginning. These institutions had to consider the surplus profit, which could only serve the common good and the interests of their depositors. Karl Friedrich von Kübeck, in his statement of 1842, sought to utilise these surpluses for savings premiums to the smallest depositors. However, the Ordinance only contains a general use for local charitable purposes. The generous use of the surpluses did not bring about a fundamental change, but only a considerable upgrading. It was understood as a dominant, though not exclusively determining, feature of the general concept of the “non-profit character of the savings banks”.⁴²⁸

Using the net profits for charitable purposes was explained in Article 12 of the Savings Bank Regulation. It was necessary to gain a larger amount of reserves than was required for operating the institution.⁴²⁹ One of the main themes of this article was the requirement that every Savings Bank had to have a reserve

⁴²⁸ Fritz, *150 Jahre Sparkassen*, 89–90.

⁴²⁹ SI AS 437, f. 38, Das Regulativ für die Bildung, Einrichtung und Überwachung der Sparkassen, 2 November 1844, 4. SI ZAL LJU 362, f. 29, Denkschrift, 1895, 28.

(hedging) fund to cover possible business losses.⁴³⁰ The Book also contains a list of all the recipients of aid from the Savings Bank. It covers the period from the proclamation of the Savings Bank Regulation in 1844 to 1870. 112,383 guildens were paid to charity. From the list, it can be seen that the recipients were primarily poor and sick individuals who were unable to work. Additionally, a substantial amount of money was allocated to various schools and disadvantaged students.⁴³¹

Besides financial grants to various schools, pupils, teachers and associations concerned with the education of children, the Savings Bank awarded special funds for individual scholarships. In the Habsburg Monarchy, a reform of the secondary and higher education system was carried out in 1849. Since then, there were no higher schools in Ljubljana, as lyceums were incorporated into *Gymnasiums* (grammar school). Students born in provinces with a Slovene population studied at the universities and higher schools in Vienna and Graz.⁴³² The Carniolan Savings Bank also offered scholarships for poorer students. At the General Assembly meeting on 19 February 1863, four scholarships for 150 guildens were awarded for the next school year to students who would devote themselves to technical studies abroad after successfully attending a secondary school or high school. The students would receive these scholarships until they had completed their technical studies in Graz or Vienna.⁴³³

The Savings Bank introduced another scholarship in 1873. It formed a foundation for poor students of the “High Real School” in Ljubljana. Secondary education was complex and consisted of various types of schools. Some of these schools

430 SI AS 437, f. 38, Das Regulativ für die Bildung, Einrichtung und Überwachung der Sparkassen, 2 November 1844, 4.

431 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 41.

432 Gabrič, *Sledi šolskega razvoja na Slovenskem*, 19. Vodopivec, *Educated Elites in Slovene Regions before WWI*, 64.

433 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 37. *Laibacher Zeitung*, 18 January 1868, 109, Locales. Der Verein der krainischen Sparcasse.

enabled their graduates to continue their studies at universities and higher technical schools.⁴³⁴

Gymnasiums were directed towards classical education. But the *real schools* were more oriented toward technical education that could be used in industry, commerce, and the trades.⁴³⁵ Five students were funded with 50 gulden each. Announcements for the scholarships were regularly published in the *Laibacher Zeitung*. The directors' committee collected the applications and made the selection decisions.⁴³⁶

In the early 1880s, the political position of the German population in the Province of Carniola and Ljubljana changed. They lost two majorities: in 1882 in the city council and a year later, the leading position in the Provincial Assembly. Simultaneously, they tried to keep leading positions at the Carniolan Savings Bank. The control of the institution had a significant influence on the province's financial, economic, cultural, and political situation. However, their political power was reduced.⁴³⁷

Since the early 1880s, the Slovenes have been trying to take over the Carniolan Savings Bank. However, they failed in establishing a financial institution under the control of the Provisional Assembly. But there were tendencies to defend the national economic positions and institutions of the Germans in the province. They pleaded for the Carniolan Savings Bank defence, which was considered the "German financial pillar in the Province of Carniola."⁴³⁸ Control of the bank was important not only because it was an economic but also a political symbol of power in that province.⁴³⁹ The Slovene population resented the Savings Bank management for ignoring Slovene institutions.

434 Gabrič, *Sledi šolskega razvoja na Slovenskem*, 19–20. Sunčič, Towards Educational Typology of Slovene Industrial Entrepreneurs, 167.

435 Ibid.

436 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 36–37. *Amtsblatt zur Laibacher Zeitung*, 6 October 1884, 1910, Concurs-Verlautbarung zur Besetzung zweier Stiftungsplätze für Studierende an der hiesigen k. k. Staats-Realschule.

437 Matic, *Nemci v Ljubljani*, 7, 274.

438 Ibid., 349.

439 Matic, *Nemci v Ljubljani*, 349. Lazarevič and Prinčič, *Bančniki v ogledalu časa*, 41–42.

The Savings Bank supported various institutions with a German orientation (Philharmonic Society, Theatre Association-Theaterverein, and German Mountaineering Association) and, to a lesser extent, those considered Slovenian (Glasbena matica).

In the Provincial Assembly in 1884, there was a question about the management of the Reserve Fund of the Carniolan Savings Bank. A bill introduced by the Provincial Assembly should control the Reserve Fund. Luka Svetec tried to convince the members of the Assembly with these words: "if this fund turns well, if this fund is in the hands of kind people, how much good can be done for the country! and you will of course be ready to affirm when I say that it is worthwhile to put forth our best effort to preserve this fund for the country."⁴⁴⁰

German politicians found these attempts to usurp control of the institution outrageous. Josef Schwegel, in a debate in the Provincial Assembly on 16 October 1884, strongly opposed the proposed law.⁴⁴¹

Moreover, the Provincial Chairman Baron Andrej Winkler was also against the proposal:

I regret that I cannot agree to this proposal, because according to Section 27 of the relevant Regulation and also according to Section 22 of the Statute of the Carniolan Savings Bank Association of 26 November 1852, the right to control the Savings Bank is reserved only to the government, so that from my point of view, as a representative of the government, I could not agree to share this right with anyone else. [...] I cannot see the practical necessity for it besides the government, if anyone else supervises the Savings Fund, because the government and its representatives have the duty, not merely the right, to see that the Savings Fund property is properly managed.⁴⁴²

440 *Stenografični zapisnik dvanaajste seje deželnega zbora kranjskega v Ljubljani*, 16 October 1884, 228 [own translation].

441 Ibid.

442 Ibid. [own translation].

Although the Slovenian majority voted for the law and the German minority boycotted the vote, the law did not receive the Emperor's confirmation.⁴⁴³

Besides controlling the Reserve Fund of Carniolan Savings Bank, Slovenian politicians wanted to prevent its support for German cultural and other associations. Above all, they tried to block attempts to establish a German school system. In 1884, the Savings Bank attempted to establish a four-class boys' school with German as the language of learning. The government did not approve the application, and the Savings Bank was unable to establish the school. However, the Board found another solution. The German Association *Schulverein*⁴⁴⁴ opened the school in place of the Savings Bank, which bore most of the cost and contributed substantial funds in subsequent years. From 1897 to 1918, the Savings Bank managed a special pension fund for its teachers and offered scholarships to students.⁴⁴⁵

In 1890, the Savings Bank Board introduced a scholarship for students in vocational schools. At a meeting on 22 May 1890, a fund was established for 20 scholarships. Sixteen students from the craft school in Ljubljana and four vocational students from Kočevje were awarded an annual scholarship. In addition, Carniolan Saving Bank covered the living expenses of three students from the Province of Carniola attending the University of Vienna and living in the *Asylvereine der Wiener Universität*.⁴⁴⁶

Some wealthy people from Ljubljana and other parts of the Province of Carniola entrusted their finances to the Savings Bank, which had the obligation to establish funds for charitable purposes after their death. The Savings Bank had to provide financial support to the poor and sick inhabitants of the province, as well as to poor students, kindergartens, schools, and cultural institutions. It was usually appointed as administrator in the wills of these persons. After the person's death,

443 Matić, *Nemci v Ljubljani*, 275–76.

444 For more about *Schulverein* see: Drobesh, *Deutscher Schulverein*, 187–96.

445 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 35. *Rechnungs-Abschluss* (1897).

446 *Kranjska hranilnica v letu 1910*.

everything was legally settled through the deeds of acceptance. In the period from 1889 to 1918, the Savings Bank administered these bequests from Leopoldina Gregorič for the promotion of German education and as support for the pension fund of the Philharmonic Society in Ljubljana,⁴⁴⁷ Ljudmila Gašparič, Anton Schussnig's fund for the poor, Leopold Zhuk's fund for the German kindergarten,⁴⁴⁸ Rihard Schober,⁴⁴⁹ and Josefina Hotschewar. In her will of 29 June 1910, Josefina Hotschewar asks the Savings Bank to use the money for the Student Foundation for singing schools, the Foundation for scrupulous children and Martin and Josefina Hotschewar's Student Foundation.⁴⁵⁰

Carniolan Savings Bank changed its policy of philanthropic activities in 1908 due to the boycott and *run* caused by the September events in Ljubljana. One of the most prominent conflicts between Slovenian and German national groups was the event that started with the German protests in Ptuj and reached its climax with anti-German demonstrations in Ljubljana.⁴⁵¹ Slovenian politicians and the local Slovenian newspaper *Slovenski narod* encouraged massive withdrawals of savings. They attempted to undermine the credibility of the Carniolan Savings Bank by spreading false rumours about business irregularities and insolvency. The management of the Savings Bank stopped all charitable activities. Even the money they had collected since 1902 to celebrate the 90th anniversary in 1910 was diverted directly to the Reserve Fund.⁴⁵²

The amount for charity in 1909 was only 3.62 per cent. The committee gave the money for charity only to those who continued to support the Savings Bank. However, the following year, the Savings Bank allocated 73 per cent of its annual profits to

447 SI AS 437, f. 21, Leopoldina Gregorič.

448 SI AS 437, f. 23 Ljubljana 8 July 1919, Ljubljana: Deželni vladi za Slovenijo, povjereništvo za uk in bogočastje, kot ustanovni oblasti.

449 SI AS 437, f. 21, Splošno o ustanovah.

450 SI AS 437, f. 14, Akzeptationsurkunde 20 November 1914,

451 Melik, *Slovenci 1848–1918*, 601.

452 *Kranjska hranilnica v letu 1908*.

charity.⁴⁵³ Since 1910, the trend has been upward, but with the onset of World War I, the curve turned downward again.

During the last decade of the Austro-Hungarian Monarchy, the Carniolan Savings Bank awarded individuals who had served with the same employer for a long time. Besides the charitable purposes of these awards, this was an excellent opportunity for promotion. The Carniolan Savings Bank was one of the few in the Monarchy to provide this assistance.⁴⁵⁴ The requirements for the award were met by those who kept a savings account for at least three years. They also had to have been employed by the same employer as a salaried employee for at least 15 years. The Savings Bank drew the funds for the awards from its annual profits. In the first two years, 50, and from 1912, 60 servants received amounts ranging from 50 to 100 crowns. The recipients of the prizes had to provide proof of their employment with a certificate from their employer or a certificate from the municipal office of the relevant municipality. Once they had received the award, they were no longer eligible to apply for the next two years.⁴⁵⁵

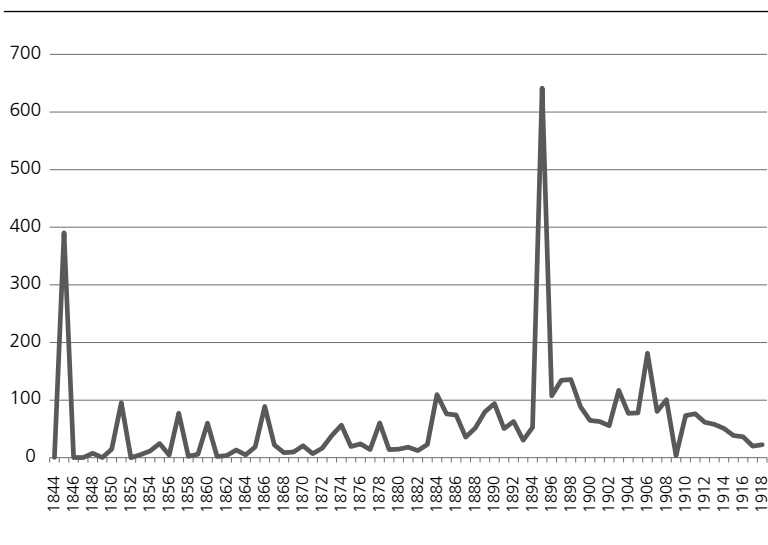
Graph 16 illustrates the relationship between net profit and the amount allocated for charitable purposes by the Savings Bank Association. During the General Assembly, the annual report for the previous year was approved, and the overall profit for the year was assessed. The amount to be allocated and its reallocation were determined by the members during this meeting. While it began in the early 1880s and lasted until the outbreak of World War I, the Savings Bank used over 50 per cent of its annual profits for charitable purposes. The years 1845, 1895, and 1906 stood out.

453 *Kranjska hranilnica v letu* (1908, 1909).

454 *Kranjska hranilnica v letu 1910. Statistik der Sparkassen* (1913), 2–3.

455 *Kranjska hranilnica v letu 1910. Slovenec*, 18 April 1912, 5, Razglas. *Slovenec*, 16 April 1913, 4. Nagrade za dolgo služeče posle. *Rechnungs-Abschluß* (1918).

Graph 16 The percentage of net profit intended for charity⁴⁵⁶



The first two years were spent celebrating anniversaries. In 1845, the Savings Bank celebrated its 25th anniversary. The charity was nearly four times the size of the profit. On this occasion, the Savings Bank contributed to the construction of the forced labour workshop in Ljubljana.⁴⁵⁷ It financed the construction of the Transit Barracks – Kolizej, a facility for housing soldiers. Most of the amount for charity in 1895, when the Savings Bank celebrated its 75th anniversary, was used for the Institute for the Incurably Ill. It also gave funds to an orphanage for boys “Marijanišče”, an orphanage for girls “Liechtenturn”, an orphanage in Kočevje, an Association for building workers’ houses, various hospitals, the Ursuline convent in Ljubljana and Philharmonic Society in Ljubljana.⁴⁵⁸ In 1906, Josef Luckmann,

⁴⁵⁶ *Rechnungs-Abschluß* (1918).

⁴⁵⁷ For more about the forced labour workshop in Ljubljana, see: Pančur, Boj obrtnikov proti konkurenčnemu prisilnemu delu, 41–43.

⁴⁵⁸ SI ZAL LJU 362, f. 29, Denkschrift, 1895, 72–85. *Slovenec*, 4 November 1895, Darovi kranjske hranilnice.

a longtime member and president of the Savings Bank, died. In his honour, the Board established a *poor fund* to help poor merchants and craftsmen.⁴⁵⁹ In all three years, the Savings Bank took additional funds from the Reserve Fund, exceeding the annual profit, which were earmarked for charitable purposes.

Table 9 Carniolan Savings Bank's financial support for charity during World War I.⁴⁶⁰

	1914	1915	1916	1917	1918
Poor and sick	26,100	25,500	39,800	36,100	161,900
Students	3,448	3,348	3,348	4,300	3,300
Teaching and educational purposes	49,700	29,400	29,000	29,100	56,900
Art	38,600	15,900	15,700	15,900	15,900
Culture institution	4,250	2,700	2,900	2,700	2,600
Other purposes	2,500	800	1,000	9,500	52,800
Grants for Seniors and awards for servants	11,500	12,300	12,350	12,550	12,560
Science	1,800	-	-	1,500	1,500
Soldiers	5,824	18,439	25,950	10,495	6,200

Table 9 shows that all categories established in the second half of the 19th century received money during the war. The Savings Bank continued to donate part of its net profits during the war. It primarily supported soldiers at the front, the wounded, soldiers' widows and orphans. However, it also used some of the money to help the poor, the sick, and institutions that needed financial assistance for their operations. Besides the hospital that served as the Asylum for Incurable Patients, the Savings Bank established two houses used for wartime. Soldiers were

⁴⁵⁹ *Kranjska hranilnica v letu 1910.*

⁴⁶⁰ The data are collected from the final accounts of the savings bank for the period 1914–1918. – *Rechnungs-Abschluß* (1914–1918).

stationed in the Virant House, and two rooms on the ground floor of a house in Gradišče were used for sewing clothing for the wounded soldiers.⁴⁶¹ Carniolan Savings Bank financially supported the relatives of recruited soldiers, especially widows, children, and war invalids. It also sent parcels of cigarettes and cigars at Christmas. In this way, the Savings Bank took special care of the officer corps of the 17th Infantry Regiment, who were honorary members of the Carniolan Savings Bank Association.

⁴⁶¹ *Kranjska hranilnica v letu 1914.*

**CARNIOLAN
SAVINGS BANK
IN BETWEEN
SLOVENIAN-
GERMAN POLITICAL
AND NATIONAL
STRUGGLES**

At the end of the 19th century, the Austro-Hungarian Monarchy experienced national polarisation.⁴⁶² It was not enough to be Slovene or German: One had to show one's nationality in public. The national struggles also intensified in the Slovene territory at the turn of the 20th century.⁴⁶³ Janez Cvirn pointed out that the national question did not exist as a problem during the period of neo-absolutism, as it did during the 1848 revolution. Despite the modern Slovene and German national consciousness that emerged in 1848, their relations to the restoration of constitutional life in 1861 were similar to those before the revolution. The decisive phase in ethnic differentiation thus occurs only when the population is compelled to define itself nationally.⁴⁶⁴

Disputes between national movements followed national-political differentiation. The differentiation began in the 1860s and early 1870s. During this period, it was characteristic that people usually either voted for the Slovene National Party, based on its programme and achievements, or against it in local elections. The opposing side consisted of people who did not support the Slovene National Party. They were content with the traditional leadership of the German language and culture,⁴⁶⁵ people who believed that national differences were not as significant as constitutional development, the struggle for its preservation and the promotion of liberal ideas.⁴⁶⁶

From 1848 until the collapse of the Austro-Hungarian Monarchy, the Carniolan German vision of the Slovene national community remained largely unchanged, although minor developments can be discerned. Until the end of the 1870s, the German side did not oppose Slovene aspirations for general progress. Still, it felt that the Slovene nation was by then underdeveloped and unfit to lead an independent life. They saw

462 For more information, see: Judson, *The Habsburg Empire. A New History*, 9–11.

463 Pančur, *Nacionalni spori*, 36.

464 Cvirn, *Trdnjavski trikotnik*, 18–19.

465 See also: Judson, *The Habsburg Empire*, 299–300.

466 Melik, *Slovenci 1848–1918*, 608.

the obvious and extensive development of the Slovenes from the 1880s onwards as artificial, promoted by the state and government of Eduard Taaffe to the detriment of the Germans.⁴⁶⁷

Political life in the Habsburg Monarchy has changed. After a decade of neo-absolutism, the National Assembly reconvened on 1 May 1861. The constitutional order of the realm was restored. The priorities of the Parliament were the adoption of the State Accounts Act of 1860, implementing tax reform, regulating the relationship between the State and the National Bank, ensuring the autonomy of provinces and municipalities, and adopting a new budget. The legal relations in the Monarchy were established by the October Diploma of 1860 and the February Patent issued by the Emperor in February 1861. The first document restored the autonomy of the provinces and Hungary, while the second document reintroduced centralism.⁴⁶⁸

In most provinces with Slovene populations, two political options soon formed. The first elections in 1861, however, did not yet bring a sharp national Slovenian–German or Slovenian–Italian split. The candidates for the positions of local councilors in Ljubljana speak for this. Both groups drew up lists that included over two-thirds of the same candidates, regardless of nationality.⁴⁶⁹ It was not until the January 1867 elections that the political confirmation of the Slovenes came. In the elections to the provincial assemblies, the Slovenian politicians achieved a convincing electoral success. The peasants supported the Slovene candidates, and in the Province of Carniola, they also won in most towns and the Chamber of Commerce. Despite the dissolution of the Carniolan Provincial Assembly and the new elections, the Slovene politicians retained the majority. They also had eight deputies in the Vienna Parliament instead of the previous three.⁴⁷⁰ Tensions grew slowly. In the second half of the 1860s, the first incidents began to occur. The first serious

467 Cvirn, *Nemško gledanje na Slovence*, 55, 58–60.

468 Cvirn, *Kdor te sreča, naj te sune, če ti more, v zobe plune*, 72–73.

469 Matić, *Nemci v Ljubljani*, 11–13.

470 Melik, *Slovenci 1848–1918*, 297–98.

incident occurred in 1867 in the hall of the merchant Schantl. Members of the Slovenian gymnastics club *Južni Sokol* beat German *Turnverein* members in the presence of the Mayor of Ljubljana. The incident reverberated throughout the Empire.⁴⁷¹ The opposition between Slovenian and German groups intensified in these years. Nevertheless, national affiliation in this period was far from clear and was often a matter of personal choice. In the second half of the 1860s, Slovenian politicians divided into two groups: liberal *Young Slovenians* and conservative *Old Slovenians*.⁴⁷²

The Germans in the Province of Carniola and those living in Ljubljana fluctuated in their ideological and political orientation between 1861 and 1893, shifting between an open definition of German identity and a more supranational, declared liberalism. But the “*constitutionally loyal*” Carniolan politicians did not hide their attachment to the German option, and until the 1890s, they instead alluded to the connection with liberalism. In their view, liberalism, culture, progress, and refinement were essentially the same concepts. They reckoned with the supremacy of liberalism, which simultaneously represented the supremacy of German culture. In this way, they wanted to eclipse German nationalism and emphasise freedom of thought and anti-conservatism.⁴⁷³

German politicians ruled in the Province of Carniola from 1877 to 1883, and in Ljubljana from 1869 to 1882, but there was no fusion between the two groups: *Constitutionalists* and *Young Slovenes* in the 1870s. The more liberal- oriented Slovenes did not take this radical step. Another reason for this was the formation of the Taaffe government in 1879, which finally suppressed the predominance of unification politics in the Province of Carniola. When Taaffe came to power and Andrej Winkler assumed the office of provincial president, the position of the Germans

471 Zajc and Polajnar, *Naši in vaši*, 34.

472 Ibid., 36.

473 Matić, *Nemci v Ljubljani*, 413.

remained unresolved. They openly announced their intention to oppose the government policy because, in their opinion, it was harmful to the state. In the Province of Carniola, the Germans lost all leading positions in 1882, when the Slovenes took power in the local elections in Ljubljana, and the following year, the Carniolan Provincial Assembly. From the second half of the 1880s, the Germans concentrated on their problems in Carniola. Viennese politics receded into the background of their interest.⁴⁷⁴

Modern political parties in Slovenia emerged in the last years of Taaffe's government. Liberal opposition to political Catholicism was increasingly limited to the struggle against the Catholic Church and the Catholic political movement. The Catholic currents rejected the liberal charges, although doubts existed in their ranks about the legitimacy of priests' political activity. But the Catholic People Party⁴⁷⁵ could not have built a solid political, economic and social organisation without the help of the clergy.⁴⁷⁶

The final political split among the Slovenes in Carniola occurred in the 1890s. The collapse of the joint parliamentary club in the Carniolan Provincial Assembly occurred in 1892. Fran Šuklje's attempt failed, and the conservatives from both Slovenian parties and the German landowners did not join. The more radical Ivan Tavčar and Ivan Hribar took the leading positions in the liberal National Party. However, the Christian social direction gained popularity within the Catholic People's Party. Janez Evangelist Krek had a prominent role. Ivan Šušteršič established himself as a competent party organiser and tactician. Due to programmatic differences, there were several disagreements between these two leaders.⁴⁷⁷

474 Ibid., 413–17.

475 The Catholic People's Party was renamed in Slovenian to People's Party in November 1905. Slovenian People's Party in: *Ilustrirana zgodovina Slovencev*, 281.

476 Pančur, *Nastanek političnih strank*, 35.

477 Ibid., 38.

The revival and reorganisation of the Carniolan Germans Party coincided with its recent upsurge in the political scene of Carniola. It was related to the above-mentioned collapse on the Slovene side. The position of the Slovenian Liberals significantly deteriorated in the elections to the Carniolan Provincial Assembly in November 1895, as the Catholic currents gained control of the country. After that, they retained only mandates in the cities. Under these circumstances, none of the parties had a majority. They did not want to participate, and a stalemate arose. The Germans benefited the most, but the only solution was to associate with German politicians. Thus, the Germans again became a significant political factor and a highly desirable partner, with which both Slovene parties sought to gain supremacy in the Provincial Assembly. During the next decade a coalition between German and Slovene liberal politicians was formed. This union lasted until the beginning of 1905, involved consistency and mutual performance in the Provincial Assembly. Under the agreement, the Germans supported Slovene candidates in elections to various committees; Slovene liberal politicians supported teaching in the German language and German theatre operations.⁴⁷⁸

Slovenian Liberal politicians listened to complaints from their Catholic opponents throughout the coalition they were working with German politicians. Liberals attempted to refute the attacks with persistent evidence that they had cooperated with Germans only in the National Assembly, and that they could act on behalf of the nation without hindrance. Liberal politicians reinforced these claims with strident anti-German appearances in local newspapers and constant street riots against Germans in Ljubljana and Domžale. In October 1904, both Slovenian sides voted in favour. They passed a resolution according to which the Provincial Assembly had to reject all letters written in German by the Provincial Government. Relations between

478 Pančur, *Nastanek političnih strank*, 39. Matić, *Nemci v Ljubljani*, 418–19.

the coalition partners deteriorated further because Slovenian politicians voted in a coordinated manner. They carried out joint actions that resulted in the adoption of the proposal to reform the electoral system on the Provincial Assembly. According to the proposal, universal and equal suffrage should be introduced. The result could be the disappearance of the large landowner curia under German political influence in Carniola.⁴⁷⁹

Both national movements—the German and the Slovene—would employ a variety of means to defend and attack.⁴⁸⁰ The conflicts between the members of the German and Slovene ethnic groups quickly developed into physical confrontations. The quarrel between the Slovene and German ethnic groups became a constant affair, especially at Slovene cultural and social events, which Germans understood as demonstrations against German domination. Germans initiated riots in the predominantly German Celje, while their counterpart was the predominantly Slovenian Ljubljana. The 1903 spring demonstrations in Croatia, therefore, triggered a solidarity movement on Slovenian territory. In May and June 1903, several political protests led by Ban Khuen Hédervári took place in Ljubljana, Celje, Slovenj Gradec, Trieste, Gorica, Šempeter, Nabrežina, as well as in smaller rural towns. They were all called by the joint efforts of Slovenian political parties. The gathering in Ljubljana turned into anti-German demonstrations. The demonstrators threw stones into the building German Kazina and the police had to deal with the demonstrators. Prime Minister Ernest von Koerber prevented the Dalmatian, Istrian and Slovenian deputies from visiting the emperor.⁴⁸¹

At the beginning of the 20th century, the economic development of the Monarchy was increasingly disrupted by national tensions.⁴⁸² Despite the economic integration that accelerated

479 Matić, *Nemci v Ljubljani*, 419.

480 Ibid., 60–61.

481 Pančur, *Nacionalni spori*, 38. Studen, Protinemški izgredi v Ljubljani leta 1903, 15, 20.

482 Fritz, *150 Jahre Sparkassen*, 482–84.

in the second half of the 19th century, political and social differences between nations within the Austro-Hungarian Monarchy continued to grow. Conflicts between Austria's various nationalities intensified and erupted in violence.⁴⁸³ However, Austro-German economic strength was not enough to dominate the vast Empire, and dialogue with the nationalities was crucial. The most urgent task, however, was to bridge the considerable gap between the urban, industrialised areas and the predominantly rural, traditional ones.⁴⁸⁴

The period was characterised by a positive or at least neutral attitude toward Carniolan Savings Bank, lasting until 1882. The year 1867 was a notable exception in this period. The situation was uncertain due to Austria's defeat in the war with Prussia, the compromise with the Hungarians and the introduction of dualism. On the local level, national conflicts between Slovene and German ethnic groups began in Ljubljana. The Carniolan Savings Bank made the first move, which was coloured by the fear of nationalism. In 1867, it published a new Statute, which for the first time was written in two languages, Slovene and German. Since then, the savings booklets have been issued in both languages.⁴⁸⁵ The newspapers *Kmetijske in rokodelske novice* and, from 1873, *Slovenec* reported on the annual development of the Savings Bank, its successes and its charitable activities. Occasionally, there was also criticism related to the poor economic situation of the rural population in the Province of Carniola. Towards the end of the 1870s, *Slovenec* drew attention to the national structure of the members of the Savings Bank Association. Newspapers reacted to the outcome of the elections for new members and Board members. They mainly pointed out the decrease in the number of members from the Slovene ethnic group and fewer priests. In 1870, when

483 Sandgruber, *Ökonomie und Politik*, 293, 311. Good, Financial integration in Late Nineteenth-Century Austria, 893.

484 Wurm, The Development of Austrian Financial Institutions, 21.

485 SI ZAL LJU 362, f. 29, Denkschrift, 1870, 47.

the Savings Bank celebrated its 50th anniversary, the newspaper *Kmetijske in rokodelske novice* wrote a very positive review of its activities.⁴⁸⁶

However, the article also had critics. The author overlooked branches throughout the country that would have enabled farmers to obtain a loan. The issue of branch scarcity was again addressed by *Slovenec* in 1878. He suggested that the Savings Bank establish branches in Novo mesto, Postojna, Kočevje, Kranj and Radovljica. In the author's opinion, Carniolan Savings Bank had all the prerequisites for this. The population had confidence in the financial institution, and it was also functioning successfully. He emphasised that this would improve the province's overall economic situation.⁴⁸⁷ Despite the appeals and criticisms, Carniolan Savings Bank did not open a single branch until the end of World War I in 1918. The lack of branches was typical not only in the Province of Carniola, but also in other parts of Austro-Hungary. In 1913, there were 30 branches in the Austrian half of the Monarchy. Additionally, there were designated collection points where deposits could be made. Networks of smaller branches and these collection points for deposits were well developed only in Bohemia. There were a few in Upper Austria, Tyrol, Moravia and Galicia.⁴⁸⁸

In the early 1880s, Slovenian politicians tried to take control of the Carniolan Savings Bank. They primarily sought to take control to prevent the support of German culture and other societies. They also wanted to avoid any attempts to establish a German system of popular education, one of the leadership goals of the Carniolan Savings Bank. Slovenian politicians attempted to establish a Savings Bank under the control of the Provincial Assembly, in which Slovenians held a majority, but their efforts were unsuccessful. There were tendencies to defend the national economic positions and institutions of the

486 *Kmetijske in rokodelske novice*, 16 November 1870, 373, Dopisi – Ljubljanska hranilnica.

487 *Slovenec*, 11 May 1878, 3, Iz okolice Ljubljanske, 8. maja. Hranilnične podružnice.

488 Albrecht, Nationalism and municipal savings banks in Bohemia before 1914, 2–3.

Germans in Carniola. German politicians attempted to protect the Carniolan Savings Bank, which was regarded as the financial backbone of the German community in Carniola.⁴⁸⁹

Between 1883 and 1893, German politicians in the Province of Carniola were politically powerless due to the unity of Slovenian Liberals and Catholics. During this period, the German nationalist group focused on establishing the German elementary school system and maintaining control over the Carniolan Savings Bank. They established a more than adequate elementary education in the German language. At its general meeting in May 1884, the Carniolan Savings Bank established a private German school. The Provincial Government rejected the application in September 1885. Savings Bank could not run the school, but it could subsidise its construction. However, a solution was found. In 1885, with the financial help of the Savings Bank, the school association founded a four-class boys' school.⁴⁹⁰

In 1894, the liberal newspaper *Slovenski narod* published three articles dealing with the Carniolan Savings Bank. In the first article, the author accused the Savings Bank of paying too low fees to the municipality because of its business success. The newspaper discussed the mortgage lending policy of the Savings Bank in the other parts of the Monarchy, which was disproportionate to the mortgage loans it had in the Province of Carniola. The purpose of these articles, however, was to create an unbiased judgment of the Savings Bank among its readers and public opinion. The authors insisted on the accusations that the Savings Bank managers were using the institution for the interests of the German party.⁴⁹¹ So there was no political impartiality. They used the newspapers to blame the other side for every problem. The same was true for economic issues. The attacks

489 Matić, *Nemci v Ljubljani*, 349.

490 SI ZAL LJU 362, f. 29, Denkschrift, 1895, 34–35. Matić, *Nemci v Ljubljani*, 280–281.

491 *Slovenski narod*, 7 July 1894, Kranjska hranilnica. *Slovenski narod*, 16 July 1894, Kranjska hranilnica. *Slovenski narod*, 1 September 1894, Narodno-gospodarske stvari. Kranjska hranilnica.

on the Carniolan Savings Bank largely ceased after 1896, when cooperation and a coalition between the Slovenian Liberals and German politicians emerged on the political level. The Catholic opposition dominated for a decade at the turn of the century, and the liberals collaborated with the Germans in the Carniolan Provincial Assembly.⁴⁹² At the beginning of the 20th century, the attitude of liberals towards Carniolan Savings Bank was slowly changing. Likewise, as the period of cooperation with the Germans came to an end. Open attacks on the Savings Bank reappeared, culminating in 1908.

With the financial institutions, they had to have Slovenian leadership and administration, as this was in the Slovenian national interest. Otherwise, the institutions were placed at the opposite end of the political and national spectrum, as was the case with Carniolan Savings Bank.⁴⁹³ The Carniolan Savings Bank was seen not only as an economic but also as a political symbol of German power in Carniola.⁴⁹⁴ Besides the accusations, it had allied itself with the German side, the Slovenes accused the Carniolan Savings Bank of ignoring Slovene institutions. Ignorance was one reason Carniolan Savings Bank continued to be a German financial institution.

492 Zajc and Polajnar, *Naši in vaši*, 38, 41.

493 Lazarevič, *Plasti prostora in časa*, 315.

494 Matič, *Nemci v Ljubljani*, 349. Lazarevič and Prinčič, *Bančniki v ogledalu časa*, 41–42.

THE 1908 TURNING POINT

In the last decades before the outbreak of World War I, national contradictions between national movements in the Austro-Hungarian Monarchy reached considerable proportions. In the Province of Carniola, the conflicts between the Slovene and German ethnic groups reached a turning point in September 1908, marking a significant milestone in their relations. The anti-German riots in Ljubljana led to radical changes in political, economic and social life. It was not until the beginning of World War I that the conflicts subsided. Mutual accusations and suspicions were part of everyday life. Many Slovenian investors withdrew their savings from Carniolan Savings Bank, primarily because it was perceived as a German financial pillar in Carniola. Carniolan Savings Bank was founded and operated in a traditionally inhabited area by Slovenes who spoke Slovene. It mainly collected deposits and managed credit business in Carniola. It is therefore paradoxical that Carniolan Savings Bank was considered a German institution. However, it had never publicly or openly declared itself as a Slovenian or German financial institution. Such indifference⁴⁹⁵ was elected by the Board regardless

495 For further information about the concept of *national indifference*, see: Brubaker, *Ethnicity without Groups*, 12. Zahra, *Imagined Noncommunities*, 98–99.

of the national affiliation of the Savings Bank Association members. The aim was to attract many depositors. The Statute of the Savings Bank stated that membership in the association and the Board of Directors did not depend on nationality. All Austro-Hungarian citizens with permanent residence in Ljubljana were eligible to become members.⁴⁹⁶ Nevertheless, Carniolan Savings Bank retained this status until the dissolution of the Austro-Hungarian Monarchy in 1918.

The consequences faced by the Carniolan Savings Bank after the September 1908 events had severely affected its operations. The savings deposits it had to pay out to its depositors between October 1908 and June 1909 far exceeded its cash resources.⁴⁹⁷ Deposit withdrawals were a typical reaction of the population in times of various economic, political, and war crises. Savings Bank deposits often fell during or after periodic economic crises. Fears about solvency and the repayment of deposits precipitated the *run* in 1908. The Carniolan Savings Bank sought to restore customer confidence while protecting deposits during periods of high risk. It had to ensure the safety of its operations and invested money.

The Background of the Crisis – September Events in Ptuj and Ljubljana

The many excesses are proof that the national struggle could, over time, acquire the dimension of a “struggle to the death.” The contradictions between the Slovene and German populations had reached considerable proportions in the last decades before the outbreak of World War I, full of intolerance and hatred on all sides. The events of September 1908, which

496 SI ZAL LJU 362, f. 18, Statuten und Geschäftsordnung der krainischen Sparkasse in Laibach, 24 December 1867, 2. For more about organisations and ethnic groups, see: Brubaker, *Ethnicity without groups*, 16.

497 SI AS 437, f. 38, Zgodovina hranilnice od 1909 do 1918, 1.

began with German protests in Ptuj and culminated in anti-German demonstrations in Ljubljana, were among the most prominent conflicts of the period.⁴⁹⁸

The annual assembly of St. Cyril and Methodius Society (*Družba sv. Cirila in Metoda* – CMD), a national military school organisation, was an occasion for German demonstrations. The leaders of CMD chose Ptuj because they wanted to show that this town was not *German*, but *Slovenian*. The Styrian Germans were not impressed by this decision. They wanted to underline exactly the opposite, i.e. Ptuj was and will always be *German*. The German population failed in persuading the authorities to ban the CMD assembly, which was announced on 13 September 1908. The first anti-Slovenian demonstrations took place in the evening of 12 September, as participants in the announced assembly began arriving in Ptuj. The first serious incident occurred immediately after a train arrived at Ptuj Railway Station. The next day, the demonstrations led to physical clashes between the Slovene and German movements. The German demonstrators disrupted the CMD assembly in front of the National House.⁴⁹⁹

According to Branko Goropevšek, the events in Ptuj would probably have remained more inconspicuous if they had not triggered an outburst of national sentiment that spread to the other Slovenian territories and led to anti-German demonstrations, especially in Ljubljana. The Slovene population prepared protests in Styrian towns and villages.⁵⁰⁰

The reports of the events in Ptuj provoked Slovene demonstrations in Ljubljana. In the capital of the Province of Carniola, on 15 September, violent protests were held by the city council against the Ministry of the Interior. Two days later, on 17 September, Slovenian youth organised demonstrations against the German Student Society of *Carniola*, which was holding its

⁴⁹⁸ Melik, *Slovenci 1848–1918*, 601.

⁴⁹⁹ Goropevšek, *Odmev in pomen septembrskih dogodkov leta 1908*, 115–16.

⁵⁰⁰ *Ibid.*, 116–18.

General Assembly. By the following day, the protests had expanded. They lasted for three days, from 18 to 20 September. The Provincial Government ordered the gendarmerie and the army to intervene due to the attacks on German shops, craftsmen, and merchants. On the evening of 20 September, the army fired on the demonstrators. In the process, they killed the student Ivan Adamič and Rudolf Lunder, an employee of the State Printing Office.⁵⁰¹

The Mayor of Ljubljana, Ivan Hribar, devoted an entire chapter of his memoirs to the September events. He described the development of these events in Ljubljana, with particular reference to the military events: "There was naturally great excitement in the city. The crowd was most annoyed by the military and their directly inappropriate behaviour, as seen later often. They were not content to erect barriers in the streets: some troops even went into public shops and threw people out."⁵⁰² Regarding responsibility for the unpleasant events of 20 September, when Lunder and Adamič lost their lives, Hribar wrote: "You got what you wanted! I have just received a report that the army opened fire and that several people were killed. I refuse to take responsibility alone, and I blame you for the blood that was spilled!"⁵⁰³ Hribar was the only one who wrote about the boycott of German merchants and actions to remove German inscriptions.

Anton Bonaventura Jeglič, the Archbishop of Ljubljana, briefly described the events in his diary. On 22 September 1908, he wrote of the events between Friday, 18 September, and Sunday, 20 September, there had been terrible rioting in Ljubljana and that Slovenes were breaking windows and damaging buildings owned by Germans. He believed these events were caused by "the general incitement of one nation against another and the

501 Septembrski dogodki, *Ilustrirana zgodovina Slovencev*, 282. Pančur, Nacionalni spori, 38.

502 Hribar, *Moji spomini. Od 1853. do 1910. leta*, I, 342.

503 Ibid., 346 [own translation].

German demonstrations against the Slovenes in Ptuj.”⁵⁰⁴ With great pleasure, he emphasised that the Slovenian People’s Party was not involved in the riots and that only liberals were affected.⁵⁰⁵ In his subsequent announcement, he corrected his misstatement, emphasising there were not three but two dead, and that the funeral was a powerful demonstration. In his opinion, the representatives of the Slovenian Liberals attempted to capitalise on this opportunity to regain their leading political position in Carniola.⁵⁰⁶ However, in an article entitled *To the Faithful of the Diocese of Ljubljana* [*Vernikom ljubljanske škofije*], published in the newspaper *Škofijski list*, he considered moral principles in German–Slovenian relations. He condemned the September demonstrations of the two nations:

What happened in Ptuj against Slovenes were merely sins against Christian charity; and what happened in Ljubljana against Germans - the senseless destruction of windows and damage to the property of others - are mortal sins, not only against charity but also against the justice we owe our neighbour. The newspapers, too, have instigated, perpetuated and encouraged the sinful enmity and the sinful acts of revenge in Styria and Carniola.⁵⁰⁷

Fran Šuklje only mentioned the September events in his memoirs and evaluated them in these words:

The events in Ljubljana, however, went far beyond what was usual in our thoughts. Above all, they had a bad effect on the already compromised position of Prime Minister Baron Beck. In his government programme Beck tried to reconcile national differences and aimed at national reconciliation and unification. Because of the events in Ljubljana on and after 19 September and the “Germanised” strongholds in Lower Styria and Klagenfurt, the reconciliation on which Beck’s policy was based is impossible.⁵⁰⁸

⁵⁰⁴ Jeglič, *Jegličev dnevnik, znanstvenokritična izdaja*, 425.

⁵⁰⁵ *Ibid.*, 426

⁵⁰⁶ *Ibid.*

⁵⁰⁷ Jeglič, *Vernikom ljubljanske škofije*, 115 [own translation].

⁵⁰⁸ Šuklje, *Iz mojih spominov*, 202 [own translation].

Šuklje paid more attention to the annexation of Bosnia and Herzegovina, especially the elections to the Provincial Assembly on 14 December 1908, which were won by the Catholic Slovenian People's Party.

There was also a conflict over the inscriptions on the shops in Ljubljana. On 21 September 1908, the newspaper *Slovenski narod* published an article with the headline *Only Slovene inscriptions* [*Samo slovenske napise*]:

Today at noon our people acted on the principle of self-help. In groups they approached completely peacefully and with dignity the shops of the merchants who until today had affixed bilingual inscriptions. They demanded that the owners remove them. Almost everywhere this happened completely peacefully and without riots.⁵⁰⁹

After the German inscriptions on the shops had been removed, the Slovenes boycotted German merchants and craftsmen. The Germans saw economic interests as the cause of the unrest. German newspapers reported that the recent anti-German movement was merely the prelude to a full-blown economic war.⁵¹⁰ The Germans responded to this by advertising purchases exclusively in their newspapers, e.g., *Laibacher Zeitung*.

The Slovenian press well covered the September events. The Catholic newspaper *Slovenec*, while initially paying less attention to the events in Ptuj, published a special edition on 21 September about the incidents and fatalities in Ljubljana. The newspaper *Slovenski narod* reported on the events in Ptuj on its front page as early as 14 September. *Slovenski narod* devoted its full attention to all events until the end of the month. Both newspapers supported and called for economic pressure and the action "Every man for himself." In *Slovenski narod* we can therefore read:

509 *Slovenski narod*, 21 September 1908, 1, *Samo slovenske napise* [own translation].

510 Matić, *Nemci v Ljubljani*, 347–48.

The movement for Slovenia's economic independence is beginning to spread. It must reach all facets of society. Slovenian merchants and craftsmen must also participate in this movement. [...] They must avoid everything that strengthens their opponents. The Slovenian merchants and craftsmen who serve the German financial institutions must be held accountable for their unforgivable sin. [...] Those who unjustly oppose them should be aware that we will rise up against them, just as we rise up against anyone who visits German shops [...] Slovenes, where is your national pride?⁵¹¹

According to Dragan Matić, the September events in Ljubljana were an unusual episode for the German population, which was not affected by them. According to the testimony of the Mayor of Ljubljana, Ivan Hribar, the unfortunate bullets that killed Lunder and Adamič were fired on the orders of an officer. The provincial president, Baron Teodor Schwartz, was blamed for allowing the army to fire warning shots.⁵¹² The military authorities justified the use of weapons and considered it legal. However, the blame for this incident was ultimately placed on the civilian authorities. They were blamed because the inappropriate and insensitive behaviour of the provincial presidency and the political insecurity of the municipal authorities concealed that they had a serious problem with military aid and with Lieutenant Mayer, who used weapons indiscriminately. In doing so, he did more harm than good and took a decisive role in the suppression of the demonstrations.⁵¹³

The profound and irreversible consequences of the September events were felt everywhere. Although the broken windows in Ljubljana were quickly repaired and many perpetrators were sentenced to fines and imprisonment, mistrust and hatred between the Slovenian and German populations intensified. Most changes took place in Ljubljana. One example of this was

511 *Slovenski narod*, 28 September 1908, 2, Gibanje za gospodarsko osamosvoto [own translation].

512 Matić, *Nemci v Ljubljani*, 354.

513 Matjašič, *Stališče vojaških oblasti do nemirov septembra 1908 v Ljubljani*, 31.

the city's external appearance, which underwent a complete transformation and has remained Slovenian ever since. The German and bilingual signs on shops disappeared and were replaced by exclusively Slovenian signs. Goropevšek believes that the annexation of Bosnia and Herzegovina, a few weeks after the September events, played a decisive role in the fact that the September riots were promptly replaced in these months by other issues that signified the international political crisis.⁵¹⁴

The Bank Run and Boycott in 1908 and 1909

In the decade leading up to the outbreak of World War I, amid a tense political situation, Slovenian politicians hindered the activities of the Carniolan Savings Bank. They encouraged massive savings withdrawals and undermined the bank's credibility by spreading fabricated rumours of business irregularities and insolvency. After the German inscriptions were removed from the shops, a determined boycott of German merchants and the *run* on the Carniolan Savings Bank began. Day after day, many people, especially from the countryside, withdrew their savings from the Carniolan Savings Bank.⁵¹⁵ The main reason for this reaction was the reputation of the Carniolan Savings Bank as a German financial institution.⁵¹⁶ The management devoted an entire section of the 1908 annual report to the September events:

First of all, we must remember the onslaught that was directed against our institution in September. [...] For no reason at all, a dishonest, slanderous and hostile attack was launched against the management of our institution - an insult to the memory of men who had rendered innocent service to our country, and as yet no one dared to take away their honour and honesty. They claimed that our institution was no longer safe. [...] The instigators went

514 Goropevšek, *Odmev in pomen*, 120.

515 Matić, *Nemci v Ljubljani*, 439. Lazarevič and Prinčič, *Bančniki v ogledalu časa*, 41–42.

516 Matić, *Nemci v Ljubljani*, 347.

from house to house to frighten our investors, claiming that they would lose all their money in our institution.⁵¹⁷

The Slovenes were informed about the *bank run* by the liberal newspaper *Slovenski narod*, which openly called for a boycott of the Carniolan Savings Bank and encouraged Slovenian savers to react quickly and withdraw their savings. Thus, on 26 September 1908, an article entitled *Važen gospodarski nasvet* [*Important Economic Advice*] was published, pointing out the possibility of financial losses from withdrawals during the month. Additionally, individuals may lose the right to collect interest. The article paid special attention to Slovenian readers, warning them that all Slovenian financial institutions would accept account books from Carniolan Savings Bank. These Slovenian institutions also offered the potential depositors the option to withdraw the old account books or receive new account books for their accounts at the Carniolan Savings Bank.⁵¹⁸

On 8 October 1908, the Carniolan Provincial Government published a report in the *Laibacher Zeitung*, signed by Count Ludovik Marquis de Gozani, council member and Provincial Commissioner of the Carniolan Savings Bank, and Janko Kremenšek, Regional government Councillor. The report discloses the results of the audit conducted by the Carniolan Savings Bank in accordance with the law, confirming that the savings deposits were safe. Any fear of losses was therefore unjustified and unfounded.⁵¹⁹ The Carniolan Savings Bank was not happy that official state institutions were investigating its business. It acknowledged that it had found no real reasons for the fear of depositors, which had spread among the population.⁵²⁰ On 15 October 1908, the newspaper *Slovenski narod* published what the author considered an informed article on the final accounts and the annual report of the Carniolan Savings

517 *Kranjska hranilnica v letu 1908* [own translation].

518 *Slovenski narod*, 26 September 1908, 4, *Važen gospodarski nasvet*.

519 Matić, *Nemci v Ljubljani*, 349.

520 Lazarević and Prinčič, *Bančniki v ogledalu časa*, 42.

Bank for the financial year 1907. The author paid particular attention to the audit, which, in his opinion, was inadequate. It was arguable, he said, and the authorities had spent only a single day examining the entire books of the Carniolan Savings Bank. The author considered the official opinions of the Government Commissioner, Count Gozani, and the regional government official, Kremenšek, regarding the Carniolan Savings Bank. Again, the time they spent preparing and writing their reviews of the business books in the first half of 1908 was questionable and too short. Based on these arguments, the author of the article concluded that both the audit and the inspection conducted by the government agents were unprofessional. What disturbed him most was that the Slovenian experts did not carry out the review.⁵²¹

On 20 October 1908, the management of the Carniolan Savings Bank called an extraordinary meeting of the General Assembly of their association, which the wave of accelerated deposit withdrawals had prompted. Ottomar Bamberg, the president of the Carniolan Savings Bank, informed the members about the delicate situation and the state of the funds invested in the Savings Bank. Between 19 September and 19 October 1908, one million crowns had been paid to the bank. But the Savings Bank had been forced to pay out over 6 million crowns, which meant that the deposits had fallen by 7.5 per cent in a single month. The bank used cash, loans and some government securities to make up the difference. Bamberg recalled all previous crises and tried to reassure the association members that even if depositors withdrew all their money, the bank would still have a Reserve Fund of 9 million crowns. He concluded his speech optimistically with these words: “The excessive withdrawals have caused some inconvenience, but this is only temporary.”⁵²²

521 *Slovenski narod*, 15 October 1908, 1, Kranjska hranilnica.

522 SI AS 437, f. 10, Ottomar Bamberg, *Geehrte Generalversammlung!* 20 October 1908, 1–2 [own translation]. Matić, *Nemci v Ljubljani*, 352.

The article published in the newspaper *Slovenski narod* on 30 October 1908, following the extraordinary session of the General Assembly of the Carniolan Savings Bank Association, underlined the following: "The Carniolan Savings Bank expects that the deposits will not be repaid and that the management will know how to deal with the situation by adopting certain new business tactics that it considers appropriate."⁵²³

The author of this commentary paid special attention to the credit policy of the Carniolan Savings Bank by mortgaging the loans made in Carniola. The problem arose when the Savings Bank cancelled these loans in the Province of Carniola. In the author's opinion, the Savings Bank violated § 17 of its Rules of Procedure. It was obliged first to collect all loans issued in other parts of the Monarchy.⁵²⁴

Between October 1908 and June 1909, the Carniolan Savings Bank had to pay out to its depositors a sum that far exceeded its cash reserves. Deposits had been declining for several years. The sale of securities had also failed to meet the growing demand. Therefore, the Savings Bank stopped granting new loans and liquidated mortgages and municipal loans - not only in Carniola, but also in the other parts of the Monarchy. To raise money without endangering the Reserve Fund, the Savings Bank sold its real estate.⁵²⁵

The statistics demonstrate the effectiveness of the Carniolan Savings Bank in discharging the obligations of debtors residing outside Carniola. Mortgage loans for debtors from Carniola with the regular interest rate remained at the same level in 1908 as in previous years. A significant change occurred in 1909, as the loans approved amounted to only 25 per cent of the obligations redeemed. Although the balance fell 9 per cent at the end of 1909, fluctuations were less frequent in subsequent years as the Savings Bank made more newly approved loans. By the

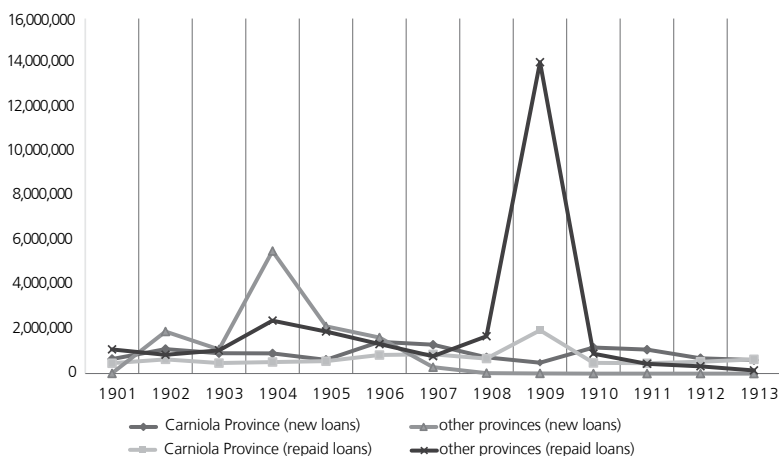
⁵²³ *Slovenski narod*, 30 October 1908, 1, Kranjska hranilnica.

⁵²⁴ Ibid.

⁵²⁵ SI AS 437, f. 38, Zgodovina hranilnice od 1909 do 1918, 1.

end of the year, the balance had returned to pre-crisis levels. The obligations discharged for all who lived in the other parts of the Monarchy, however, reached its peak in 1909. Fourteen million crowns were paid to the Carniolan Savings Bank. At the end of the year, the amount reached only 31 per cent of the previous year. In the next few years, the Carniolan Savings Bank approved no new mortgage loans to people from the other parts of the Austro-Hungarian Monarchy.⁵²⁶

Graph 17 Comparison of mortgage loans in the Province of Carniola and other parts of the Monarchy⁵²⁷



One leader of the struggle against the Carniolan Savings Bank was Ivan Hribar. He approved of the scandalous articles in the newspaper *Slovenski narod* and, in December 1908, submitted an interpellation to the Imperial Council.⁵²⁸ Hribar spoke for the first time about the Carniolan Savings Bank in the

⁵²⁶ *Kranjska hranilnica v letu 1909*.

⁵²⁷ *Rechnungs-Abschluß* (1901–1918).

⁵²⁸ Matic, *Nemci v Ljubljani*, 352.

Imperial Council on 4 December 1908. On that occasion, he filed an interpellation against the head of the Ministry of Justice for the retraction of articles and notices in the *Slovenski narod* newspaper discussing various issues about the Carniolan Savings Bank. His speech was published in the same newspaper; later, all the articles from the December session were published in a brochure.⁵²⁹

On a provincial level, Dr Ivan Oražen made speeches against the Savings Bank in January 1909 in the Carniolan Provincial Assembly. A very heated debate developed at the seventh session of the Carniolan Provincial Assembly on 15 January 1909. Dr Ivan Oražen compiled and presented all the arguments against the Savings Bank that had been mentioned up to that point. He spoke about the insufficient security of the deposits and the Reserve Fund. In addition, Oražen was of the opinion that the exchange rate losses were considerable due to the inappropriate property investment policy and the lack of state control over the activities of the Savings Bank. He was disturbed by the distribution of profits, mainly to German institutions and in support of German national interests. Provincial President Baron Schwarz and Josef Schwegel also spoke at the meeting. They defended the Carniolan Savings Bank and tried to justify its operations.⁵³⁰

Shortly thereafter, on 24 January 1909, Dr Oražen spoke again at a meeting in the town hall about the Carniolan Savings Bank in response to the representatives of Savings Bank, who had prepared comments on his lengthy speech in the Carniolan Provincial Assembly. The management of the Carniolan Savings Bank published an article titled *Erklärung* (Explanation) in the *Laibacher Zeitung*⁵³¹ newspaper, which denied all charges against the Savings Bank. Afterwards, the text was

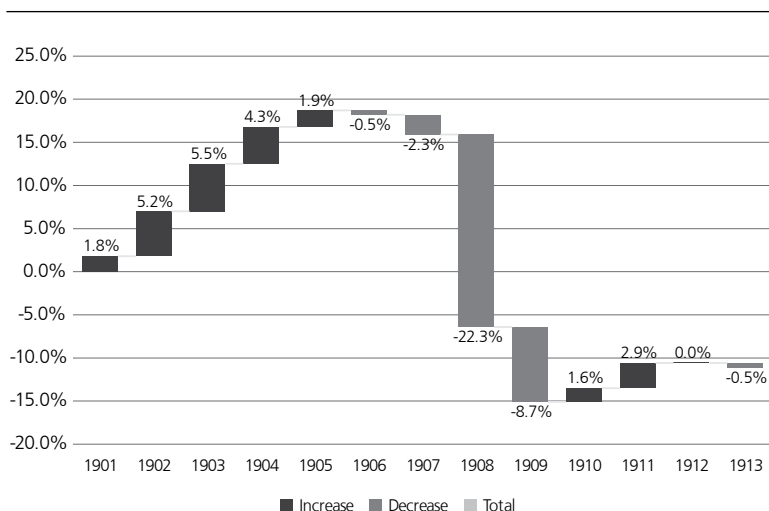
529 Hribar, *Kranjska hranilnica*, 1–23.

530 *Stenografični zapisnik sedme seje deželnega zbora kranjskega v Ljubljani dne 15. januarja 1909*, 199, 201–04.

531 *Laibacher Zeitung*, 22 January 1909, 147–48, Erklärung.

translated into Slovenian and published in a special brochure.⁵³² In his speech in the town house, Dr Oražen once again enumerated all the accusations against the Savings Bank but did not bring forward any new arguments. Therefore, he concluded the speech with these words: “It remains regrettable, however, that the Carniolan Savings Bank is an association with 65 members, which harms us and our political life.”⁵³³ The newspaper *Slovenski narod* published the speech the next day, but had to retract it. The retraction of the article prompted Ivan Hribar to submit a new interpellation at a meeting of the Imperial Council on 29 January 1909. The text of Dr Oražen’s speech in the town hall can also be found in the above-mentioned booklet of articles submitted by Ivan Hribar during the interpellation at the December 1908 session of the Imperial Council.⁵³⁴

Graph 18 Deposits of the Carniolan Savings Bank from 1901 to 1913⁵³⁵



⁵³² *V pojasnilo*, 1–8.

⁵³³ Hribar, *Kranjska hranilnica*, 40 [own translation].

⁵³⁴ *Ibid.*, 36–40.

⁵³⁵ *Statistik der Sparkassen* (1901–1913).

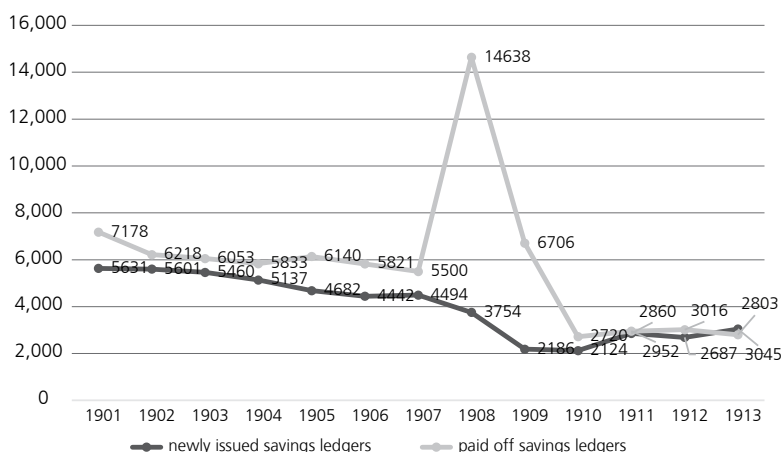
These months passed quietly: even the newspaper *Slovenski narod* refrained from further articles analysing the business activities of the Carniolan Savings Bank. It did not write about Carniolan Savings Bank until after the regular general meeting on 15 April 1909. The newspapers with the article discussing the annual report of the Carniolan Savings Bank were withdrawn, which led to a new interpellation of Ivan Hribar against the Minister of Justice. In the April meeting, the Board of Savings Bank adopted the annual report and accounts for the fiscal year 1908. In his report, President Bamberg mentioned that the money invested in Savings Bank at the end of 1908 had decreased to 52,656,217 crowns, which was 22.27 per cent less than the previous year. He sought to boost morale because the accelerated withdrawals had increased the security of the savings of depositors who had not withdrawn their money from the Savings Bank. Furthermore, he also pointed out that the Reserve Fund had remained untouched.⁵³⁶

The Effects of the Bank Run and the Boycott on the Business

Graph 19, which compares the number of new savings booklets issued and the number of savings booklets paid out, best illustrates the *bank run* and boycott of the Carniolan Savings Bank. Although the number of new passbooks issued had been declining since the beginning of the 20th century, the most significant difference occurred in 1908 and 1909, when the number of passbooks paid out far exceeded those newly issued.

⁵³⁶ Kranjska hranilnica v letu 1908. Matić, *Nemci v Ljubljani*, 353.

Graph 19 Changes in the number of newly issued and paid off savings ledgers of the Carniolan Savings Bank.⁵³⁷

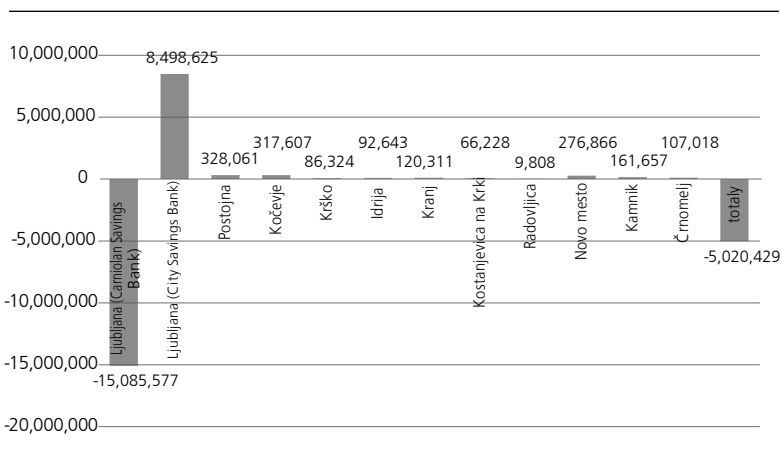


The decline in the number of new passbooks issued by the Carniolan Savings Bank is a good indicator of the impact of the *bank run* and boycott of 1908 and 1909 on the bank's operations. However, the trend in the number of passbooks is not necessarily indicative of a decline in the money invested in a Savings Bank. Besides Carniolan Savings Bank, two others had fewer newly issued savings booklets than liquidated ones in 1908 and 1909. The Kočevje Savings Bank had 37 more liquidated accounts, but this did not affect the deposits received. At the Carniolan Savings Bank, the number of closed deposit accounts exceeded the number of newly opened ones by 289, resulting in the bank receiving less money from depositors. However, the deficit was covered with capitalised interest.⁵³⁸

⁵³⁷ Statistik der Sparkassen (1901–1913).

⁵³⁸ Statistik der Sparkassen (1908), 6, 22.

Graph 20 Ratio between the inflow of deposits and deposit withdrawals in the Province of Carniola.⁵³⁹



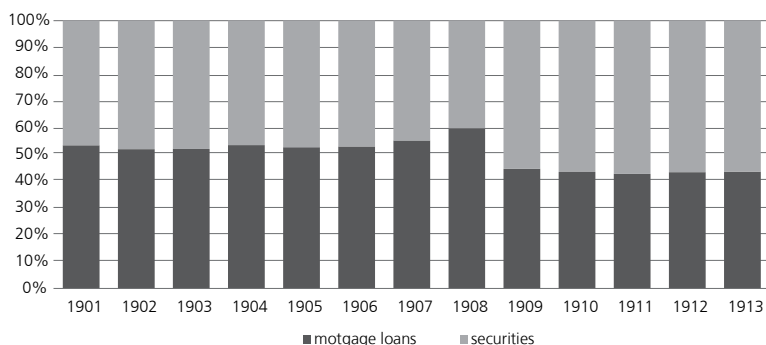
Management concluded that mortgage loans have become less profitable, mainly due to their low liquidity and limited security in unforeseen circumstances. This reflects a general financial concern that long-term assets, such as property-backed loans, can impact the bank's flexibility during times of crisis. The Savings Bank recognised the importance of liquidity and security and sought to diversify its investments into more liquid and secure assets. This shift indicates a realisation that a balanced portfolio could better withstand economic shocks and ensure the bank's stability and ability to meet withdrawal demands. At the extraordinary meeting in October 1908, the bank's management, particularly President Bamberg, recognised the need for strategic adjustments. His comment on the excessive investments in real estate (over 60 and up to 63 per cent) indicates that they were aware of the risk concentration and the need to rebalance the portfolio.⁵⁴⁰

⁵³⁹ Ibid.

⁵⁴⁰ SI AS 437, f. 10, Ottomar Bamberg, "Geehrte Generalversammlung!" 20 October 1908, 3.

The decision to favour government securities over mortgage loans, as shown in Graph 21, indicates a shift towards safer, more liquid investments. Such a shift is typical of financial institutions seeking stability, particularly in times of economic uncertainty or anticipated challenges. Overall, the analysis emphasises the adaptive strategy of the Savings Bank in diversification and risk management, which aimed to increase liquidity and security to ensure long-term operational stability. It also emphasises the central role of management in recognising market changes and adapting institutional policy accordingly.

Graph 21 Comparison of the money invested in mortgage loans and securities⁵⁴¹



To raise money without jeopardising the Reserve Fund, the Carniolan Savings Bank sold its real estate. In 1910, it sold the old shooting range building in Ljubljana, and the following year, its houses in Trieste.⁵⁴² At the Annual General Assembly on 29 June 1909, a resolution was passed to increase the deposit rate from 4 to 4.5 per cent. This measure aimed to attract many new depositors. However, this measure did not prove successful, as

⁵⁴¹ *Rechnungs-Abschluß* (1901–1918).

⁵⁴² SI AS 437, f. 38, Zgodovina hranilnice od 1909 do 1918, 1–2.

other financial institutions soon followed, including Carniolan Savings Bank's most significant competitor, the City Savings Bank of Ljubljana.⁵⁴³

The liquidation of the pawnshop of the Carniolan Savings Bank was a measure taken by the Savings Bank in response to the boycott in 1908 and 1909. The decision to dissolve it was taken at an extraordinary General Assembly on 20 October 1908.⁵⁴⁴ During its existence, the Carniolan Savings Bank founded several institutions with various charitable purposes. The first of these was a pawnshop, which operated in 1835. This institution operated until 1910, when it was finally liquidated due to the boycott of 1908. This institution acted in the public interest, particularly to benefit the poorest inhabitants of Carniola.⁵⁴⁵ The pawnshops financed by the savings banks enabled the poorest to free themselves from the clutches of the money-lenders to whom they paid exorbitant interest.

However, the expectations of the management of savings banks that the loans they made to the pawnshop would yield a profit were not fulfilled. The pawnshop's expenses exceeded its income, and the Savings Bank had to cover this loss from its income.⁵⁴⁶ The reaction of the newspaper *Slovenski narod* to the Carniolan Savings Bank's decision to close the pawnshop was very adverse. The article published on 25 May 1909 stated: "The Carniolan Savings Bank has abolished the pawnshop only to prevent the people who broke the windows of the Institute building from taking anything from the pawnshop."⁵⁴⁷ The Ljubljana Municipal Council established its pawnshop, which opened on 1 December 1909, in response to the move by the Carniolan Savings Bank.⁵⁴⁸

543 *Kranjska hranilnica v letu 1909*. SI AS 437, f. 38 Zgodovina hranilnice od 1909 do 1918, 1–2.

544 *Laibacher Zeitung*, 7 November 1908, 2358, Auffassung des Pfandamtes der Krainische Sparkasse.

545 SI AS 437, f. 38, Ustanovitev Kranjske hranilnice, 11–12.

546 *Kranjska hranilnica v letu 1910*.

547 *Slovenski narod*, 25 May 1909, 2, Renitetna hranilnica [own translation].

548 *Slovenski narod*, 21 July 1909, 3, Ljubljanski občinski svet. *Slovenski narod*, 9 December 1909, 2, Poročilo personalnega in pravnega odseka, "Ljubljanski občinski svet. Mestna zastavljalnica."

Each year, the Carniolan Savings Bank would donate a certain amount from its net profits to various institutions. In the face of challenging circumstances, the culmination of events in September 1908 brought about a significant change. Under pressure, the Savings Bank donated money only to those who remained loyal to it.⁵⁴⁹ However, donations were not reduced until 1909, which was a direct result of the boycott. The following year, they returned to pre-crisis levels. Nevertheless, in these years, the Carniolan Savings Bank provided the highest support to German institutions such as the Philharmonic Society in Ljubljana, the Theaterverein, the German kindergartens Ljubljana, Tržič, Zagorje and Kočevje, and the Kranj section of the German Mountain Society.⁵⁵⁰

At the General Assembly on 30 December 1909, the Board of the Association of the Carniolan Savings Bank changed the inscription on the building. Since then, the inscription was in Slovenian. It also published its annual reports in Slovenian. But this financial institution continued to be regarded as the German financial pillar in the Province of Carniola. It was such until the disintegration of the Austro-Hungarian Monarchy in 1918.⁵⁵¹

⁵⁴⁹ *Kranjska hranilnica v letu 1908*.

⁵⁵⁰ SI AS 437, f. 38, Zgodovina hranilnice od 1909 do 1918, 3–4.

⁵⁵¹ *Ibid.*, 5.

CARNIOLAN SAVINGS BANK AND CITY SAVINGS BANK LJUBLJANA IN THE EARLY 20TH CENTURY

The following lines will highlight another important concept: economic nationalism. With the help of this concept, it will be easier for me to explain from a different point of view why and how Carniolan Savings Bank was found as an object or, more precisely, as a target within the political and national spheres of interest of two ethnic groups (the Slovene and the German) in the province. Moreover, it will be easier to understand why I consistently compare Carniolan Savings Bank with the City Savings Bank of Ljubljana in my research, rather than with any other savings bank or financial institution that operated in the province of Carniola.

Economic nationalism played a crucial role in the belated nation-building process in Central and Eastern Europe, ultimately becoming a long-term national economic culture in each of these countries. Economic nationalism represented an alternative path to modernisation. It has always existed in these regions, both before and after World War I. Moreover, it existed even below the state level. This concept should be understood as an integral part of the collective self-assurance effort. In the logic of the national unification and independence movements

of the 19th century, autonomous and indigenous operating structures were established in almost all sectors.⁵⁵²

The demands for national differentiation in economics, not just politics, represented the *demand* for the establishment of parallel cultural, political, and economic systems in specific geographic areas, with clear national distinctions in the population. However, establishing parallel cultural, political, and economic institutions was a lengthy process. The leaders of the nationalist movements recognised the importance of the economic factor in the political struggle.⁵⁵³ For example, the City Savings Bank Ljubljana represented a parallel financial institution which, in contrast to the Carniolan Savings Bank, had a distinctly Slovenian character. It was founded after an unsuccessful attempt by Slovenian liberal politicians to take control of Carniolan Savings Bank in the early 1880s. As a result, the liberal Slovenian politicians under the leadership of Ivan Hribar decided to establish their own financial institution.⁵⁵⁴

Carniolan Savings Bank was the only Savings Bank in the Province of Carniola until 1882, when the Savings Bank in Kočevje was established. The only unsuccessful attempt until 1882 was the establishment of a Savings Bank in Zagorje. The Savings Bank functioned for only seven years and was liquidated in 1879.⁵⁵⁵ The City Savings Bank Ljubljana was opened in 1889 and was a municipal Savings Bank. With the establishment of new savings banks, the population had more choice, which was one reason the number of newly opened savings accounts decreased at the Carniolan Savings Bank. However, the deposits continued to increase. At the end of 1905, the Savings Bank reached its highest amount. In 1906 and 1907, the scales turned in a different direction. Due to the significant fluctuations in the securities market and the banking panic triggered by problems

552 Schultz, Introduction, 59, 69.

553 Lazarevič, Economy and Nationalism in Yugoslavia, 266.

554 More about the City Savings Bank Ljubljana in: Rendla, Henig Miščič and Lazarevič, *73.000 bančnih dni*, 33–34.

555 K. K. Statistischen Central-Commission, *Statistische Jahrbuch* (1879), 18–19.

on the New York Stock Exchange in 1907,⁵⁵⁶ depositors withdrew their money from the Savings Bank. The Savings Bank felt the consequences above all in deposits, which were 2.32 per cent below the previous year's figure.⁵⁵⁷ The most significant change occurred in 1908 and 1909, as already shown.

In the years leading up to World War I, City Savings Bank Ljubljana maintained a competitive edge with Carniolan Savings Bank in most areas of business. Carniolan Savings Bank maintained its leading position in its found reserve, carefully accumulated for nearly 90 years, and in its investments in securities.

Over the whole period from 1881 to 1914, the growth of deposits reached an annual average of 4 to 5 per cent in nearly all the savings banks in the Austrian part of the Monarchy, except for a few individual savings banks. The overall development of the savings banks was favourable in the years between 1908 and 1910, with deposit growth of 6 to 7 per cent.⁵⁵⁸ The year 1908 saw the highest increase in deposits. They amounted to 316,594,440 crowns, 45.4 per cent more than the year before. In that year, nearly 95 per cent of all the savings banks recorded an increase on the liabilities side of the balance sheet. The exception was the Province of Carniola. Here, there was a decrease of about 4.5 per cent due to a *run* on the Carniolan Savings Bank. Except for Carniolan Savings Bank, all other institutions in Carniola recorded an increase in deposits.⁵⁵⁹

In 1901, the City Savings Bank's deposits amounted to only 25 per cent of those of the Carniolan Savings Banks. However, this ratio changed drastically around the time of World War I. By 1913, the City Savings Bank was trailing the Carniolan Savings Bank by just 13 per cent in this area of business. Graph 22 clearly illustrates the impressive growth of the City Savings

556 For more see: Moen and Tallman, *The Bank Panic of 1907*, 611–30.

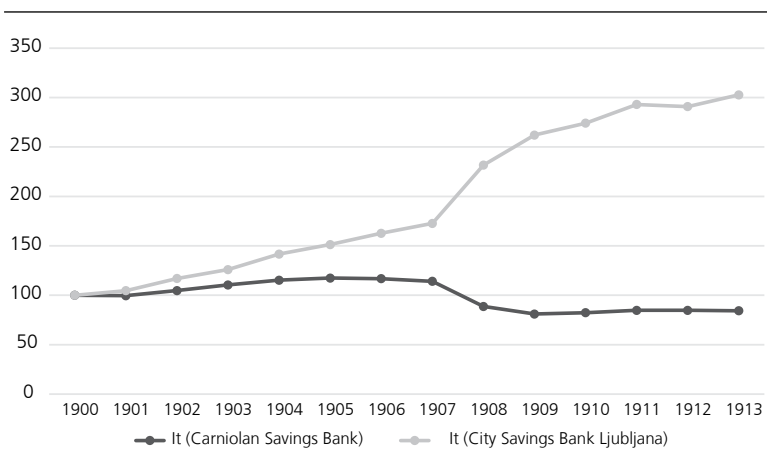
557 *Rechnungs-Abschluß* (1907).

558 Fritz, *150 Jahre Sparkassen*, 486.

559 *Statistik der Sparkassen* (1908), XXVII–XXVIII.

Bank, while the Carniolan Savings Bank was already experiencing stagnation. The events of September and the boycotts of 1908 and 1909 played a significant role in shifting the balance of power between the two institutions.

Graph 22 Comparison between deposits of the Carniolan Savings Bank and City Savings Bank Ljubljana 1901-1913⁵⁶⁰



The official statistical report of the Austrian Statistical Office from 1908 deals specifically with the increases and decreases of deposits in Carniola. The report also contains a table listing, on the one hand, all the savings banks in the Province of Carniola that showed a positive balance between money received and money paid out. But Carniolan Savings Bank recorded a loss of over 15 million crowns, or 22.27 per cent. In comparison, the other savings banks in this province recorded an increase in deposits of over 10 million crowns or 22.42 per cent.⁵⁶¹ The author of the report emphasised that the deposits in Carniola, which fell by over 5 million crowns, or 4.46 per cent, were due to the *run* on the Carniolan Savings Bank.⁵⁶²

⁵⁶⁰ The year 1900 was determined as the base year in the calculation.

⁵⁶¹ *Statistik der Sparkassen* (1908), XXVII.

⁵⁶² *Ibid.*

The City Savings Bank's business in mortgage loans has improved since the institution began its operations. But it has been less successful in other forms of lending, such as municipal loans, bills of exchange, and Lombard loans. On its 20th anniversary, the development was noticeable. Although City Savings Bank was still very successful in mortgage lending in 1909, other forms of investment business were also making visible progress.⁵⁶³

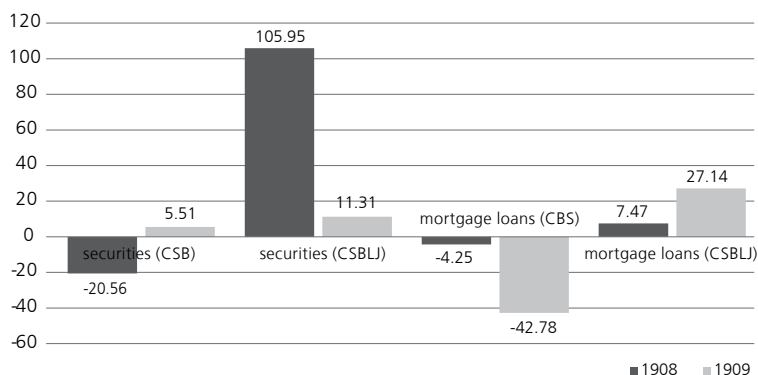
A glance at the assets of the savings banks shows their reaction created by the pressure and *run* on the Carniolan Savings Bank in the autumn of 1908. On the one hand, to enable it to pay out all the amounts demanded by its depositors, Carniolan Savings Bank first drew on the highly liquid assets it had in its coffers and sold securities. In a moment of panic, mortgage loans proved to be a very thankless form of investment. Results did not occur until the following year. The reason was that it is a long-term investment, making it challenging to repay the money quickly. The reduction in the total mortgage loans occurred in 1909 because the Carniolan Savings Bank severely restricted the issuance of new loans and restricted the issuance outside the province. Therefore, the loans repaid were higher than the new amount approved. But the City Savings Bank Ljubljana did just the opposite. In 1908, it first invested money in the purchase of securities and invested a higher amount in a bill of exchange.⁵⁶⁴ The following year, it issued higher amounts of money for mortgage loans and loans to municipalities. In addition, the City Savings Bank reduced its bill business and invested these funds in a Credit Association, which opened on 6 September 1909.⁵⁶⁵

563 Nečak and Balkovec, *100 let Mestne hranilnice ljubljanske*, 11–12.

564 *Računski zaključek Mestne hranilnice Ljubljanske za leto 1908*.

565 *Ibid. Zaključni račun Mestne hranilnice ljubljanske za leto 1912*, 9.

Graph 23 Comparison between securities and mortgage loans of two savings banks in 1908 and 1909⁵⁶⁶



Another significant change took place in 1908. After the annexation in October, Bosnia and Herzegovina became definitively part of Austro-Hungary. This step significantly altered the political situation in the Balkans. Since then, Bosnia and Herzegovina constituted a special part of the Monarchy, under the joint administration of the Ministry of Finance, and both parts of the Monarchy.⁵⁶⁷ The foreign policy of the Monarchy was necessary, as they wished to strengthen their relations with Germany. In every way, they wanted to prevent the strengthening of the Slavic states in the Balkans. They paid special attention to the Kingdom of Serbia, as the Austro-Hungarians saw it as the greatest danger that could take a leading position in organising the South Slavic nation.⁵⁶⁸

The City Savings Bank Ljubljana perceived the panic of its depositors caused by the annexation of Bosnia and Herzegovina

⁵⁶⁶ *Statistik der Sparkassen* (1908, 1909).

⁵⁶⁷ Svoljšak and Antoličič, *Leta strahote. Slovenci in prva svetovna vojna*, 36.

⁵⁶⁸ Bridge, *The Foreign Policy of the Monarchy*, 24–25. *Ilustrirana zgodovina Slovencev*, 276–77.

and the movement of troops to the southern borders of the Monarchy. In the meeting of the National Assembly, the government stressed that the money invested in the savings banks was safe and that the population would slowly calm down.⁵⁶⁹ The management of the City Savings Bank purchased securities when the price fell due to the precarious international situation that led to the war. They reckoned that the situation on the stock exchange would return to its previous state and that prices would rise.⁵⁷⁰ The annexation of Bosnia and Herzegovina took place only a few days after the September events. Carniolan Savings Bank faced a problem because of the local crisis. It is impossible to determine the impact of the Austro-Hungarian move on an international level, as the management of the Savings Bank did not comment on these events.

The Carniolan Savings Bank found itself entangled in the conflicts between Slovenia and Germany. It faced considerable pressure and a large *run* on its deposits after the height of the national struggles in September 1908. The crisis of 1908 was a local phenomenon in the Province of Carniola, beginning with news of the insolvency of the Carniolan Savings Bank. *Bank runs* were a common feature of crises and played a prominent role in financial history. The withdrawal of deposits was a reaction to the fear of losing the deposits. The Carniolan Savings Bank attempted to restore its customers' confidence while protecting their deposits during times of high risk. Due to its set of rules, a Savings Bank could refuse to pay out higher amounts; however, the Carniolan Savings Bank always tried to be consistent and meet all its depositors' demands. It wanted to ensure the safety of its business and the investment it had made.

With the September events and the subsequent boycott that affected the business of the Carniolan Savings Bank, 1908 was a turning point. Although the management of this financial

569 *Trgovski list*, 8 October 1929, 2, Štiridesetletnica Mestne hranilnice ljubljanske v Ljubljani.

570 *Zaključni račun Mestne hranilnice ljubljanske*, 1908.

institution attempted to be more accessible to the Slovenian part of the population by issuing materials in Slovenian, the institution was still closed on several levels. This was confirmed by directing its charitable activities only to “those who remained loyal to them” and not violating the funds invested in the Savings Bank. Nevertheless, the Carniolan Savings Bank retained its leading position in Carniola in most areas of business, especially as regards investments in government securities and the high level of its Reserve Fund. But the City Savings Bank Ljubljana came closer to depositors’ money, while the municipality opened its pawnshop. However, it is difficult to estimate the extent of damage the Carniolan Savings Bank will ultimately suffer. The figures show it recovered quickly after the massive withdrawals stopped in the second half of 1909. However, only a few years after that — in 1912 and 1913 — a new crisis began in the Balkans, while World War I brought new challenges and even more radical changes.

BALKAN WARS

The Balkan Wars represent one of the last major European crises before the outbreak of World War I. The conflict in the Balkans in 1912 and 1913 greatly affected the business of the Carniolan Savings Bank. The economic situation of the Austro-Hungarian Monarchy deteriorated.⁵⁷¹ The banking panic spread in November 1912. This can be seen in the political tensions that followed the defeat of the Ottoman Empire in the First Balkan War, which lasted from October 1912 to May 1913. The Austro-Hungarian Monarchy resisted Serbia's ambitions to annexe Albanian territory. The Treaty of London in 1913 eased the situation. Depositors in financial institutions in the regions of the Monarchy near the border with Serbia and its main ally, Russia, panicked and withdrew their money. They assumed that if war broke out, the government might confiscate the savings deposits.⁵⁷²

The price of securities was meagre on 31 December 1912, the reason being the precarious political situation and the fear of a general European war. Financial institutions were affected by the increase in the interest rate on Austro-Hungarian Bank

571 Fischer, *Gospodarstvo v vojnih razmerah*, 149.

572 Jobst and Rieder, *Principles, circumstances and constraints*, 146–47.

loans, which rose to 5 per cent from 22 September 1911. The interest rate rose to 5.5 per cent on 26 October 1912 and reached 6 per cent the following month.⁵⁷³

This situation caused widespread panic among the population, and Carniolan Savings Bank experienced significant deposit withdrawals. However, it paid out the total amount demanded to depositors without any problems. By the end of November 1912, the Savings Bank was paying out more money than it was taking in. In its annual report for the 1912 business year, the management wrote lines to convince its customers that there was no danger to the deposits invested during the war.⁵⁷⁴

In 1913, the Savings Bank attributed the decline in deposits to a general cash shortage, which competing financial institutions, particularly banks, capitalised on by offering higher deposit rates. The savings banks struggled to match these rates. On 1 January 1913, the Carniolan Savings Bank attempted to address the situation by increasing the deposit interest rate to 4.5 per cent. However, this also led to an increase in mortgage loan interest rates to 5.5 per cent. While these measures temporarily improved the situation, they did not produce a lasting solution.⁵⁷⁵ The difference in rates between 31 December 1912 and 31 December 1913, as well as the loss due to changes in the market value of securities, was covered with money from the Special Reserve Fund and partly from the General Reserve Fund. Before 1908, Carniolan Savings Bank invested nearly 60 per cent of its assets in mortgage loans. The remainder was invested in highly liquid assets, including securities, bills of exchange, and money deposited with other financial institutions. In 1913, this ratio was different; 59.7 per cent of the assets were in funds that offered quick access to cash.⁵⁷⁶

573 *Kranjska hranilnica v letu 1912*.

574 *Ibid.*

575 SI AS 437, f. 38, *Zgodovina hranilnice, 2. Kranjska hranilnica v letu 1913*.

576 *Kranjska hranilnica v letu 1913*.

In the annual report for fiscal year 1914, management wrote about the changes and the improved financial market situation. The interest rate of the Austro-Hungarian Bank was 5.5 per cent from 28 November 1913. At the beginning of March of the following year, it fell to 4 per cent. The result was also a better state of the Carniolan Savings Bank deposits, which increased slightly between the end of 1913 and the beginning of World War I.⁵⁷⁷

⁵⁷⁷ *Kranjska hranilnica v letu 1914.*

WORLD WAR I

Since the beginning of World War I, the Austro-Hungarian Monarchy had been moving rapidly toward a systematic, centrally controlled economy. To provide materials and manpower, Dual Monarchy controlled the supply of raw materials, food, and the labour market. Nevertheless, it quickly became clear that the Monarchy was not prepared for a long-term war. The Act on Military Service, published on 26 December 1912, introduced a new form of war economy. The entire population and production were at the disposal of military needs. The transformation of production into an armament economy took place, and the army and the population were supplied. It also had to raise sufficient funds for the war effort. In early 1915, after a severe slump in industrial production and many radical conversions, the economy seemed to stabilise. Unemployment was running into critical shortages. However, the initial wartime shock, which lasted until the spring of 1915, was followed by the next phase of a buoyant economy. Despite the consolidation of the Austro-Hungarian wartime economy in 1915, production fell sharply the following year. The inflationary financing of the war, the blockade of the enemy, the decline in agricultural production, the inadequacies of the transportation industry, and the shortage of raw materials all took their toll in 1917. The last

year of the war was followed by an economic collapse, accompanied by a renewed decline in labour and production.⁵⁷⁸

The planning and regulation of economic activity were centralised, and supplies became increasingly rationalised with each year of war. The Monarchy had much greater problems regulating agriculture than industry due to a labour shortage. The labour force, which consisted mainly of women and prisoners of war, could not replace the men drafted into the army. The yield per hectare dropped; sometimes it fell by half.⁵⁷⁹

Despite good preparation and high liquidity among savings banks, the outbreak of World War I led to panic and widespread deposit withdrawals. Carniolan Savings Bank prepared one million crowns from its investments with other financial institutions in June 1914. The Management Board was aware of the strained international relations and wanted to be prepared for the upcoming war events. Based on the experience of the crisis that lasted from October 1908 to June 1909, the Board wanted to be prepared for a possible mass withdrawal of deposits. It therefore gradually reduced mortgage loans, which accounted for 40 per cent of all deposits in 1914, and held over 26 million crowns in government securities.⁵⁸⁰ Most financial institutions faced a decline in deposits. However, after the initial shock at the outbreak of war, the situation calmed down relatively quickly. Since 4 August 1914, most financial institutions have recorded the re-investment of savings deposits and reduced payment claims.⁵⁸¹

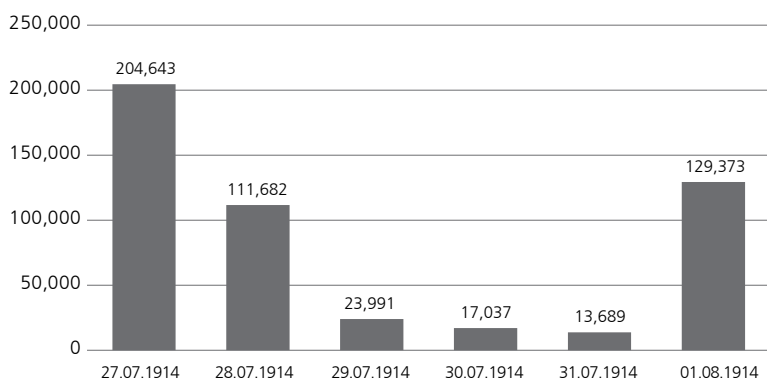
578 Cornwall, *Austria-Hungary and "Yugoslavia,"* 376. Sandgruber, *Ökonomie und Politik*, 319–20, Svoljšak, *Ženske v gospodarstvu 1. svetovne vojne*, 187–88.

579 Fischer, *Gospodarstvo v vojnih razmerah*, 149. For more information, see: Šorn, *Slovensko gospodarstvo v poprevratnih letih*. 21–25, 27.

580 SI AS 437 f. 38 *Zgodovina hranilnice*. Med prvo svetovno vojno, 1.

581 Fritz, *150 Jahre Sparkassen*, 497.

Graph 24 Deposit withdrawn in the first days of the war⁵⁸²



In its annual report for the 1914 fiscal year, the Carniolan Savings Bank published data on deposits made during the first days of the war. On 1 August 1914, the state declared a moratorium. The moratorium allowed financial institutions to limit the deposits withdrawn. This state decree opened new, legally based business opportunities for savings banks. There was a complete departure from past practice during similar previous crises. Savings banks in the past had always tried to supply their depositors with money in every possible way. They were reluctant to make significant demands for withdrawals of the money invested.⁵⁸³

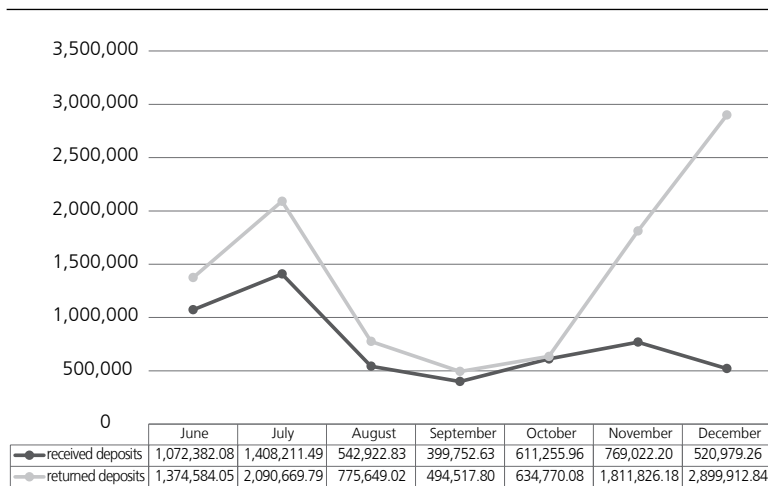
Carniolan Savings Bank limited the amount paid out each month to 500 crowns per individual deposit account due to the moratorium. This limit, however, differed from the government decree, which set the maximum amount at 200 crowns. The Carniolan Savings Bank strove to offer its investors better conditions and to satisfy them further. A better period followed,

⁵⁸² *Kranjska hranilnica leta 1914.*

⁵⁸³ Vukičević, *Patriotizam iskorišten za financiranje rata*, 490. Fritz, *150 Jahre Sparkassen*, 497.

lasting from August to October 1914, when the Savings Bank paid out only 351,007 crowns more than it received in new deposits. The Graph below shows that this period was only interrupted in November 1914, when Austria-Hungary called in the first war loan, which led to a new wave of deposit withdrawals. Depositors reallocated their money and invested in war bonds.⁵⁸⁴

Graph 25 Ratio between received and returned deposits from June to December 1914.⁵⁸⁵



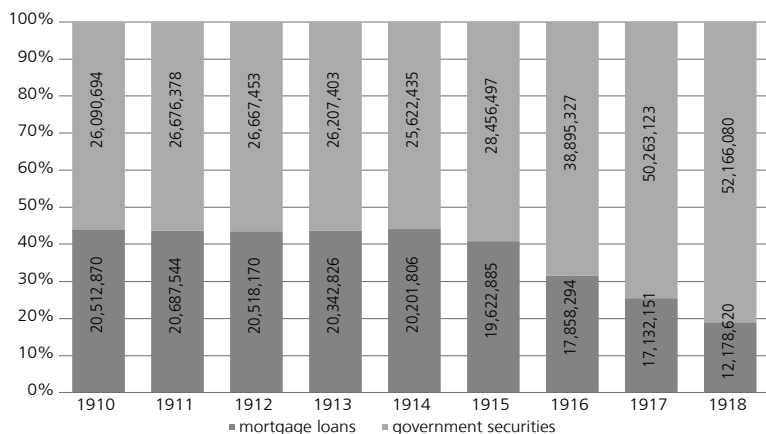
After 1908, Carniolan Savings Bank found that investing in mortgage loans was no longer a profitable endeavour. These funds were less liquid and did not provide the Savings Bank with security in the event of unforeseen events, such as the fear of war. The Savings Bank changed its investment policy. It gave priority to the purchase of government securities, discounted bills of exchange, and cash. This ratio continued until 1918.

584 *Kranjska hranilnica leta 1914*. SI AS 437 f. 38 Zgodovina hranilnice. Med prvo svetovno vojno, 1

585 Data are collected from the short monthly reports published in the newspaper *Laibacher Zeitung*.

Graph 26 shows that investments in securities increased from 1914. The government war loans contributed to this.⁵⁸⁶

Graph 26 Ratio between mortgage loans and government securities⁵⁸⁷



Despite the war, the new investment policy allowed customers to pay their mortgage obligations regularly, thanks to rising prices. Table 10 shows that Carniolan Savings Bank stopped issuing new loans, which did not exceed 600 crowns and were intended for small landowners in the Province of Carniola. These loans had a lower interest rate, usually the same as that applied to deposits. The Savings Bank did not want to issue loans that were not exactly profitable. During the first two years of the war, there were no new loans for customers living outside the Province of Carniola, which changed in 1916. The repaid liabilities exceeded the newly approved loans every year. The trend of the total balance of mortgage loans was continuously decreasing from year to year.

⁵⁸⁶ Lazarevič, Oris razvoja slovenskega bančništva, 79.

⁵⁸⁷ *Rechnungs-Abschluß* (1918).

Table 10 Mortgage loans from 1914 to 1918⁵⁸⁸

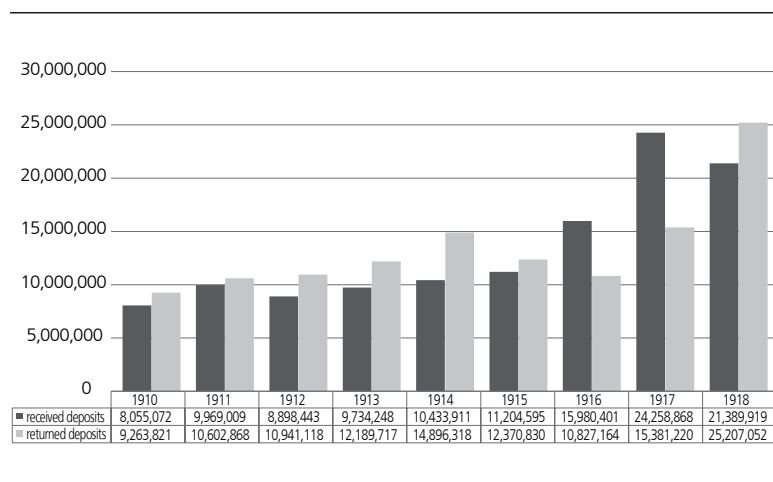
Year	Province of Carniola - lower interest rate (4.5 per cent)		Province of Carniola - regular interest rate (5.25 per cent)		Outside of Province of Carniola		Total			
	New amount	The end of the year	New amount	The end of the year	New amount	The end of the year				
1914	/	14,310	346,134	431,240	467,216	15,423,070 /	90,733	4,432,603	20,201,807	
1915	/	57,760	288,374	255,361	722,923	14,955,508 /	53,600	4,379,003	19,622,855	
1916 ⁵⁸⁹	/	105,274	183,099	199,711	1,712,688	13,442,531	1,471	147,810	4,232,664	17,858,295
1917	/	64,190	118,910	1,477,656	1,753,831	13,166,296	2,904	388,623	3,846,945	17,132,151
1918	/	54,282	64,627	596,582	4,207,248	9,555,629	/	1,288,581	2,558,363	12,178,620

⁵⁸⁸ Data are collected from the financial accounts and annual reports of the Carniolan Savings Bank.

⁵⁸⁹ In 1916, the interest rate on mortgage loans changed: for mortgage loans up to 600 crowns it decreased from 4.5 to 4.25 per cent, for mortgage loans over 600 crowns, the interest rate changed several times, from 5.25 to 5 per cent and finally stabilised at 4.5 per cent.

In 1915, Italy entered the war and joined the Allied powers, causing a new panic among Carniolan Savings Bank depositors, as the Province of Carniola and Ljubljana were in the hinterland of the Isonzo Front. Graph 27 shows that for the first time since 1908, the Savings Bank took in more money than it paid out. The difference was about five million crowns. Thus, the balance of deposits in 1916 increased by eight million crowns compared to the previous year. The total balance reached over 56 million crowns. The administrative assets increased by about ten million crowns in 1916, to 74,358,000 crowns. The Savings Bank had a smaller number of members in 1916 compared to previous years. The reason for these decreases was mobilisation and generational changes, which led to the financial institution's closure due to reasons of age. The Management Board elected new members at the General Assembly on 13 January 1916.⁵⁹⁰

Graph 27 Ratio between the received and returned deposits in the Carniolan Savings Bank⁵⁹¹



590 *Rechnungs-Abschluß* (1915, 1916).

591 *Rechnungs-Abschluß* (1910–1918).

In 1917, the Savings Bank saw a renewed increase in deposits, receiving 36 per cent more than it paid out. Management was concerned about the relationship between mortgage loans and investments in securities. The price of securities declined in relation to the rise in prices and the depreciation of the Austrian currency.⁵⁹² War loans, short-term state debts and increased taxes assured war finance. However, an essential alternative to the war bonds was the printing of money. By the end of 1914, the money in circulation had doubled. By the end of the war, however, it had increased tenfold. As prices rose far above wages, the cost of living in Austria doubled, and the black market flourished. In 1917–1918, there was galloping inflation in both halves of the Dual Monarchy. The crown had lost a fifth of its pre-war value.⁵⁹³

The Savings Bank realised that its investments in Austrian government securities and war bonds had significant and lasting consequences. At the General Meeting on 24 May 1917, the management therefore reacted by increasing its investments in mortgage loans. At that time, the investment ratio was 66.5 per cent in securities and war bonds and only 35.5 per cent in mortgage loans. The savings bank suffered heavy losses on the securities market, necessitating an increase in the special reserve fund to mitigate the risks of potential exchange rate fluctuations.⁵⁹⁴ Importantly, these investments in war bonds had long-lasting consequences that persisted well into the years following the war and significantly impacted the bank's financial stability long after the conflict.

592 For more about inflation, see: März, *Österreichische Bankpolitik in der Zeit der grossen Wende 1913–1923*, 211–25.

593 Berend, *Economic Nationalism*, 33. Cornwall, *Austria-Hungary and "Yugoslavia"*, 376.

594 *Rechnungs-Abschluss* (1917, 1918).

War Bonds of the Carniolan Savings Bank

Funding the war was one of the greatest challenges faced by the Austro-Hungarian Monarchy. Despite rising direct and indirect taxes, they proved insufficient to cover the war's immense costs. While government revenues increased nominally each year, their real value rapidly diminished due to inflation. The Empire could only meet its expenses through two methods: issuing public war loans and printing money, both of which accelerated the process of demonetization. This created a vicious cycle that ultimately contributed to the economic collapse of the Monarchy in 1918. By November 1918, the war had cost the Monarchy an astonishing 90 billion crowns.⁵⁹⁵

The ministers of finance had made no plans for a protracted war. They were compelled to borrow a considerable loan of 950 million crowns from a consortium of the Austro-Hungarian bank. It was spent immediately, and the government had to change its tactics. The state introduced war loans - the first, with an interest rate of 5.5 per cent, was tendered in November 1918. Through extensive propaganda campaigns and educational lectures, the population was well-informed in schools. In these years, another series of *war bonds* was issued, all advertised with dramatic, colourful posters. People were initially very enthusiastic, but their payments dwindled as the war progressed. Public subscription was also unevenly distributed throughout the Reich. Thus, until 1918, the Czechs preferred to invest in their future with special Czech banknotes.⁵⁹⁶

The Monarchy financed more than half of the cost of the war by issuing war bonds, through which the state borrowed funds from citizens, businesses, and various financial institutions. The capital was used to pay multiple subcontractors of the war, such as industries that produced the weapons and equipment, craftsmen who worked on the armaments, and food

595 Fischer, *Gospodarstvo v vojnih razmerah*, 149. Šorn, *Slovensko gospodarstvo v poprevratnih letih*, 22. Cornwall, Austria-Hungary and "Yugoslavia", 375.

596 Habjan, *Gospodarstvo in aprovizacija v prvem letu prve svetovne vojne*, 375–76.

suppliers. Citizens received dividends in return. War bonds were published separately in the Austrian and Hungarian parts of the Empire. In addition, loans were tendered by the Austrian and Hungarian Ministers ministries of finance. The state collected 53.72 billion crowns from the autumn of 1914 to the summer of 1918. The Austrian war bonds, called *Kriegsanleihe*, were divided into government loans (*Staatsanleihe*) and government treasury notes (*Staatsschatzchein*) and had interest rates higher than the regular bonds. The announcement was published in the local daily newspapers.⁵⁹⁷

The first war bond of 1914 massively withdrew deposits and diverted savings. Carniolan Savings Bank set aside only 600,000 crowns for a government war loan. Its clients donated 2,796,000 crowns for the same purpose.⁵⁹⁸ In the years that followed, the Savings Bank responded more vigorously, committing larger sums to war loans. For the second and third war loans, it set aside 3,400,000 crowns. The Savings Bank paid another 500,000 crowns for a third loan from the fund of *Emperor Franz Joseph's Patient Asylum*.⁵⁹⁹ By the end of 1917, it had paid 28,300,000 crowns face value in war loans. Comparing this amount with the balance of deposits from the same year shows that the Savings Bank paid out 33 per cent of its total administrative assets.⁶⁰⁰ In the last year of the war, the total war bonds paid out reached 34,250,000 crowns.⁶⁰¹

597 Vukičević, *Patriotizam iskorišten za financiranje rata*, 488–90.

598 *Rechnungs-Abschluß* (1914).

599 In 1921, the Savings Bank decided to sell the building of the *Emperor Franz Joseph's Patient Asylum*. It made this decision due to the problems caused by the war loans. The Health Department in Slovenia purchased the building and housed a women's and maternity hospital within it. The patients from the Asylum were transferred to the men's and women's hospitals in Kandija near Novo mesto and various other institutions. However, the Savings Bank continued to utilise available funds from the fund to support the terminally ill in multiple institutions.

SI AS 437, f. 38, Zgodovina hranilnice, 6–7. *Slovenec*, 28 May 1925, 3, Dnevne novice. Zavetišče za neozdravljive. *Slovenec*, 10 July 1927, 4, Kranjska hranilnica – denarni zavod ljubljanske oblasti.

600 *Rechnungs-Abschluß* (1917).

601 SI AS 437 f. 38 Zgodovina hranilnice, 13.

The fluctuation of savings deposits began in 1908, caused by the September events, followed by economic pressures concentrated at Carniolan Savings Bank. This negative trend continued during the first years of World War I. This trend increased between 1916 and August 1918; Savings Bank administrative assets also increased. There was a further decline, which accelerated between September and December 1918. A characteristic feature of the war was that the Carniolan Savings Bank additionally concentrated its investment policy on government securities. Although to a lesser extent in the first year, Savings Bank regularly went into the war bonds of the Austrian government. This policy proved disastrous at the end of the war. It was directly related to the decline in the value of the national currency, which only intensified during the war years. As early as 1918, Carniolan Savings Bank began reinvesting in neglected mortgage loans. Despite the war and the difficult economic situation throughout the entire Austro-Hungarian Empire, inflation allowed for the regular repayment of loan obligations.

**CARNIOLAN
SAVINGS BANK
IN THE NEW
ECONOMIC
AND POLITICAL
FRAMEWORK
AFTER 1918**

The Carniolan Savings Bank was the first financial institution on Slovenian territory. A unique feature of its activities was its charitable contributions to society, particularly its care for the underprivileged. Under the new economic, social and political conditions of the Kingdom of Serbs, Croats and Slovenes (Kingdom of SCS), it continued its activities with minor adjustments. The new management maintained the same way of working during the Austro-Hungarian period until the end of 1927, when new changes occurred. The savings bank focused on collecting funds from the population, which it then passed on to the financial market.

In the first half of the 1920s, the bank began modernising its operations under pressure from other financial institutions. However, the most important changes occurred when the Savings Bank Association was abolished, which meant it was no longer a private institution but a public one. The 1920s were highly demanding. Most of the time, the leaders had to take a balanced approach to the various challenges they faced daily. Pressure came from many sides, and numerous structures pursued their own hidden and less hidden interests. It was a time when decisive steps were taken that turned out not to be the wisest. In this context, the social contribution of the savings bank and its activities are also discussed, in which profit was not initially placed above the welfare of the people. However, the new circumstances set the direction for financial institutions to reorient themselves.

On Friday, the last stronghold of German propaganda in Ljubljana fell into Slovenian hands: the Carniolan Savings Bank has a Slovenian president, a Slovenian board of trustees and a Slovenian majority on the board of directors. This marks the end of the era of Carniolan Germanism, which - although so small in number, supported by the power of capital and the backing of the state - played an almost decisive role in the Province of Carniola.⁶⁰²

602 *Slovenec*, 20 July 1919, 1, Zadnja trdnjava nemštva [own translation].

The above quote comes from the newspaper *Slovenec* and was published at the end of the restructuring process of the Carniolan savings bank. From this point on, Slovenian representatives held the majority in the association and the savings bank management. To better understand the true significance of this step, it is necessary to revisit the first half of the 1880s. In 1882, Slovenian politicians won the local elections in Ljubljana, and the following year, they also won a majority in the Carniolan provincial assembly.⁶⁰³ With the power and position they had acquired, they also developed the idea of taking control of the reserve fund of the Carniolan Savings Bank, which developed among them. Due to national interest and the potential impact on economic development, it was crucial to identify who controlled the country's financial institutions. The question of whether the financial institution was under Slovenian or German management was also important.⁶⁰⁴

Due to the late and underdeveloped Slovenian financial system, the Carniolan Savings Bank was one of the central financial institutions in Slovenian territory. The name "*financial pillar of Germans in the Province of Carniola*," which had existed since the 1880s, was also one of the reasons why the interest in the composition of the association was not surprising. The highest body of the savings bank was the general assembly, which consisted of the association's members. The members decided on all important issues relating to the management, organisation and all business areas of the Carniolan Savings Bank. The Savings Bank was a private institution; a government commissioner oversaw its proper functioning, and a board of directors managed its operations, comprising members of the Savings Bank Association. Unlike other savings banks established by municipalities or provinces, the Carniolan Savings Bank was utterly independent of local or regional authorities. It was under the control of the Ministry of the Interior.⁶⁰⁵

603 Matić, *Nemci v Ljubljani*, 209, 215.

604 Lazarević, *Plasti prostora in časa*, 315.

605 See: Hönig, *Economic and altruistic motives*, 163.

The year 1918 brought radical changes. The Carniolan Savings Bank was most affected by the changes brought about by the end of World War I, the collapse of the Austro-Hungarian monarchy, and the formation of the Kingdom of Serbs, Croats and Slovenes. The savings bank was in a new economic, cultural and social environment.⁶⁰⁶

In the last months of 1918, neither domestic nor foreign political circumstances favoured the Austro-Hungarian Monarchy. The minority nationalities in the Empire received support from the Allies for their demands for independence. Britain and France supported the Czech National Council and the Yugoslav Committee.⁶⁰⁷ The general economic situation in Austria-Hungary was poor in the last year of the war. However, the savings banks nevertheless recorded an increased inflow of money into their deposit accounts until August 1918, when the population began to withdraw their savings intensively. A comment in the annual report clearly shows this change: "The upward trend in the roll movement observed since the third year of the war was suddenly interrupted by events on the battlefield, which gave rise to fears that the dissolution that then took place at the end of October would not be completed."⁶⁰⁸

The Allied forces launched a counter-offensive on the Western Front, and the Salonika Front was soon breached. On 14 September 1918, the Austro-Hungarian government sent a peace note to the Entente powers.⁶⁰⁹ The turnaround in savings deposits in August coincided with the political changes in Ljubljana. On 16 and 17 August 1918, the National Council was founded, the supreme political representative body that, at its inception, defined the areas on which Slovenian nation-statehood was later formed and also contained an economic program.⁶¹⁰

606 Hönig, *Kranjska hranilnica v času prve svetovne vojne*, 167.

607 Svoljšak and Antoličič, *Leta strahote*, 356, 358. Pleterski, *The Southern Slav Question*, 145.

608 SI AS 61, f. 1, t. e. 61/A/1/1, *Kranjska hranilnica v letu 1918*.

609 Perovšek, *Slovenski prevrat 1918*, 37–38.

610 Perovšek, *Slovensko gospodarstvo v času prevrata leta 1918*, 108.

On 24 October 1918, the leading Slovenian, Croatian and Serbian politicians met in Zagreb. They adopted a declaration in response to the Austro-Hungarian peace note and a resolution on the independence of Slovenes, Croats, and Serbs from Austria-Hungary. The secession from the Monarchy was completed on 29 October 1918. The National Council of Serbs, Croats and Slovenes, founded in Zagreb on 6 October 1918, took the lead in the national policy of Habsburg Yugoslavs. Simultaneously, they rejected Emperor Charles' "People's Manifesto" of 16 October 1918. The demand for complete self-determination meant the final severance of ties to the old Monarchy.⁶¹¹ The independent State of Slovenes, Croats and Serbs was established on 29 October 1918, and two days later, in Ljubljana, the Slovene National Government was founded.⁶¹²

The process of dissolution also took place in other parts of the Monarchy. The Czech National Council proclaimed the independence of the Czech and Slovak states. The Austrian Provisional National Assembly declared the German-Austrian Republic. Hungarian politicians formed their independent assembly and proclaimed the Hungarian Republic after losing Transylvania and other Romanian territories. Italy and the new Polish state demanded more parts of the Empire. The creation of the successor states reflected historical-political geography rather than economic relations. The new states shared a severely devalued, hyperinflationary currency, a collapsed trade and payments system, and considerable foreign debts.⁶¹³

In Austria-Hungary, the Slovenes held a marginal position in political, economic, and social development. However, this situation changed completely in the Kingdom of Serbs, Croats and Slovenes. The framework of the new state allowed them to achieve the goals of national economic interest, and Slovenian ownership was a criterion.⁶¹⁴ The National Government, formed

611 Svoljšak and Antoličič, *Leta strahote*, 356, 358. Pleterski, *The Southern Slav Question*, 145.

612 Perovšek, *Slovenski prevrat 1918*, 98.

613 Garber and Spencer, *The dissolution of the Austro-Hungarian Empire*, 2–3.

614 Lazarević, *Spremembe in zamišljanja*, 188, 190.

on 31 October 1918, had begun the process of “slovenisation” of the ownership structure in the economy. The reorganisation of the Carniolan Savings Bank was part of this process. The Savings Bank was forced to adapt to the new circumstances.

The National Government was a factor in the new economic situation in Slovenian territory. It had its first meeting on 1 November 1918, when the government introduced peacetime production, abolished the military economy and organised a new economic life. At the same meeting, it was decided to prohibit banks from exporting valuables. This decision was valid for Carniolan Savings Bank. The following day, the National Government stopped paying interest on Austrian war bonds, notes, and promissory notes. It determined that war bonds would no longer be accepted as payment for taxes on war profits.⁶¹⁵

The establishment of the National Government on 31 October 1918 also encouraged the Carniolan Savings Bank to adapt to the new circumstances. The management of the savings bank quickly realised that the old system would not last. It, therefore, began to draw up a proposal for the admission of new members to the Carniolan Savings Bank Association. By the end of November, the management had drawn up a list of ten members, which the National Government rejected as “completely inadequate.” The government was disappointed that only two Slovenian citizens were on the list.⁶¹⁶

Alojzij Kokalj, a Slovenian lawyer and writer, published an article in *Slovenski narod* on 19 November 1918, in which he pointed out that the “German” composition of the Carniolan Savings Bank was unacceptable in the context of the new state. Kokalj turned to the Slovenian authorities to ensure:

As many professionally educated men of Slovenian nationality be immediately appointed to the management of the Carniolan

615 Perovšek, *Slovenski prevrat 1918*, 193–97.

616 SI AS 61, f. 1, t. e. 61/A/1/1, Dopis Narodne vlade O. Bambergu, predsedniku Kranjske hranilnice, 2 December 1918. Ribnikar, *Sejni zapisniki Narodne vlade Slovencev, Hrvatov in Srbov v Ljubljani*, 151.

Savings Bank so that every possibility of distributing the money entrusted to this institution in any way frivolously is eliminated and every slightest danger to their deposits is removed.⁶¹⁷

In the same article, the author emphasised that the Savings Bank was the only private savings bank in Slovenia, which a group of people guaranteed united in an association. In his opinion, this was unacceptable, primarily because the Savings Bank handled large amounts of money.⁶¹⁸

Another article in *Slovenski narod* spoke about the members of the Savings Bank Association. The author of the article, a German who signed under a pseudonym, along with Kokalj, urged the National Government to act and resolve the issue of the Carniolan Savings Bank. The problem should be solved according to the demands of the State of Slovenes, Croats and Serbs. He was very critical of the previous members, especially those who chose not to leave the state. There were 40 whom he considered the “real members.” Therefore, he proposed that at least 40 Slovenes must join Savings Bank Association by publicly declaring their loyalty to the new state.⁶¹⁹

The National Government, at its 33rd meeting on 13 December 1918, opened a debate on the future operation of the Carniolan Savings Bank. Dr Karel Triller presented the plan he had received from the Savings Bank. The financial institution offered to admit 14 new Slovenian members to its association, with three of them to be members of the management. Immediately after receiving the proposal and before the government meeting, he informed Carniolan Savings Bank on 2 December 1918 that the proposal would not be accepted because the offer was inadequate.⁶²⁰ At the same meeting, the State Commissioner Janko Kremenšek, who had supervised the operations of the Savings Bank since 1908, was entrusted with a special task.

617 Kokalj, *Kranjska hranilnica*, *Slovenski narod*, 19 November 1918, 2.

618 Ibid.

619 *Slovenski narod*, 27 November 1918, 1, *Ventus et glacies*, “Kranjska hranilnica.”

620 SI AS 437, f. 12, *Dopis: Velečastiti gospod predsednik!*, 2 December 1918.

He had to prepare a plan for the dissolution of the Savings Bank Association, which the State Commissioner was to replace temporarily. During this transitional period, the Commissioner was responsible for the operations of the Savings Bank.⁶²¹ The Provincial Government, in its 37th session on 20 December 1918, again discussed Carniolan Savings Bank. Councillor Kremenšek was given another task. He had to stop the appointment of new members of the association and the management of the Carniolan Savings Bank at the next session of the General Assembly.⁶²²

Carniolan Savings Bank held an extraordinary session of the General Assembly on 27 December 1918. Despite the rejection of the National Government, it held elections. Savings Bank elected 14 new members, 13 of whom were Slovenes. The result was: one fifth of the members were Slovenes and four fifths were Germans. The next day, the newspaper *Slovenski narod* published the list of accepted members: mayor Dr Ivan Tavčar, deputy mayor Dr Karel Triller, prelate Andrej Kalan, Anton Kristan, Ivan Knez, Leon Souvan, Alojzij Lilleg, Erkerj, Šiško, Feliks Urbanc, Janko Juvan, Dr Demeter Bleiweis, Hugolin Sattner and Karel Polak senior.⁶²³ According to the resolutions, the Management Board remained unchanged, and the General Assembly agreed to give the position of vice president and two directors to Slovenians. The supervisory Board remained German. The resolutions remained only on paper, because the councillor Kremenšek forbade their execution.⁶²⁴ The Savings Bank attempted to demonstrate a willingness to adapt and find a compromise, although the list reveals a clear desire to maintain the status quo as much as possible.

The reorganisation of the Savings Bank continued the following year. Although the term expired on 31 December 1918, the Carniolan Savings Bank administration continued to

621 Ribnikar, *Sejni zapisniki Narodne vlade Slovencev, Hrvatov in Srbov v Ljubljani*, 184.

622 Ibid., 202.

623 *Slovenski narod*, 28 December 1918, 4, Preokret v Kranjski hranilnici.

624 SI AS 437, f. 38, Zgodovina hranilnice, 2–3.

operate. Meanwhile, on 20 January 1919, Crown Prince Alexander appointed the leadership of the new Provincial Government in Ljubljana and other parts of the Kingdom.⁶²⁵ Two additional meetings of the General Assembly of the Association took place in the first half of 1919, but no new members were discussed.⁶²⁶

In June, a compromise was finally reached, which provided for the savings bank association to accept 42 Slovenians, provided that a Slovenian majority was guaranteed for each additional new member. In addition, the new members were also determined according to their party affiliation, with the Slovenian People's Party (*Slovenska ljudska stranka*) receiving 22 seats, the Yugoslav Democratic Party (*Jugoslovanska demokratska stranka*) 18 and the Yugoslav Social Democratic Party (*Jugoslovanska sociaodemokratska stranka*) two seats. The elections for the chairmanship, the board of trustees and the board of directors were also determined according to the following formula: ten Slovenians and four Germans.⁶²⁷

At the special meeting held on 18 July 1919, the election of new members took place again. President Otmar Bamberg read aloud the list he had received from the Slovenian government. Forty-one individuals were admitted, bringing the total registered members — at least on paper — to 92. The number of old members had decreased noticeably in 1918, mainly due to non-attendance at the general assemblies. By the end of the following year, 16 of them had emigrated to German-Austria and left the society. In the first year with a Slovenian majority administration, 36 old and 41 new members actively participated. Besides the new members, the meeting also elected Dragotin Hribar as the new president. The long-time president Ottomar Bamberg was made an honorary member. Dr Ambrositsch Edvin, Bürger Leopold, Dr Eger Ferdinand, Dr Gallé Karl,

625 Vodopivec, *Od Pohlinove slovnice do samostojne države*, 166.

626 SI AS 437, f. 12, Poročilo ravnateljstva občnemu zboru društva Kranjske hranilnice, 3 August 1920.

627 Ribnikar, *Sejni zapisniki Narodne vlade Slovencev, Hrvatov in Srbov v Ljubljani*, 251 [own translation].

Dr Gartenauer Henrik, Krisper Josip, Dr Mahr Alfred. Mahr Arthur, Pammer Kamilo, Dr Pregel Anton, Dr pl. Rülling, Samassa Maks, Dr Schuster Julius, Schüller Ferdinand, Staudacher Ferdinand and Wettach Henrik moved to German Austria and resigned from the Savings Bank Association. Dr Vladimir Ravnihar replaced Dr Eger as legal adviser.⁶²⁸

The provisional government approved the resolutions of 18 July 1919, so the Carniolan Savings Bank was finally restructured. The administration of the financial institution has been in Slovenian hands since then.⁶²⁹ In his November 1918 article, Kokalj stressed that the Carniolan Savings Bank was the only private Savings Bank in Slovenia guaranteed by a group of people gathered in the Association. In his opinion, this was unacceptable because the Savings Bank dealt with large sums of money.⁶³⁰ However, although the government also tried to liquidate the Association of the Carniolan Savings Bank, the Savings Bank continued to operate in an unchanged organisational form.

628 SI AS 437, f. 12, Poročilo ravnateljstva občnemu zboru društva Kranjske hranilnice, 3 August 1920.

629 SI AS 437, f. 12 Bericht des Präsidenten 30 May 1919. SI AS 437, f. 12 Verhandlungsschrift 18 July 1919.

630 Kokalj, Kranjska hranilnica, *Slovenski narod*, 19 November 1918, 2.

OLD SINS AND NEW MISTAKES

After 1919, the Carniolan Saving Bank continued its operations in a transformed form under new management. Soon, the management recognised the need to adapt to the changing circumstances. They faced numerous challenges, including the difficulty of conducting regular general meetings, as the quorum was often unmet due to low member attendance. Therefore, at the regular general meeting on 3 August 1920, an amendment to Article 6 of the constitution was passed. Since then, one third of the members was sufficient.⁶³¹ This not only facilitated decision-making, but also the work of the new administration itself.

The Austrian war bonds, in which the Carniolan Savings Bank had also invested during World War I, were an important topic.⁶³² In 1920, the Provincial Government for Slovenia (*Deželna vlada za Slovenijo*) mandated that all financial institutions use their net profits primarily to cover losses from war loans, with a smaller portion earmarked for specific charitable purposes.⁶³³ In 1923, the Board of Directors of the Savings Bank

631 SI AS 437, f. 38, Zgodovina hranilnice, referatna pola, 4 December 1944, 5–6.

632 SI AS 437, f. 13, Poročilo in predlog ravnateljstvu o uporabi čistega dobička leta 1924 in določitev dnevnega reda občnega zbora.

633 Ibid.

Association made further amendments to the articles of association concerning the management of current accounts and the pension scheme for employees and introduced new Rules of Procedure. The Ministry of Trade and Industry approved these changes in a decree dated 23 February 1924.⁶³⁴

During the interwar period, the general situation of savings banks underwent significant changes. There was a period of more intensive establishment of new banks in the Slovenian territory, and Zagreb financial institutions also opened branches on a larger scale. Although the savings banks continued to operate, they no longer held their leading position before World War I. They were also very rigid and unprepared for rapid change. The decision to modernise their business processes was complex, and progress was slow. Other financial institutions had overtaken them and taken away some of their retail business, which was crucial. In addition, banks were becoming more agile and increasingly taking on roles in the corporate sector. As a result, the savings banks had to adapt and become increasingly bank-like, with profitability taking precedence and the original objectives and charity slowly losing importance.⁶³⁵

Until the end of World War I, the Carniolan Savings Bank maintained a leading position among financial institutions in Slovenia. However, the developments described earlier gradually caused it to lose ground, with the City Savings Bank Ljubljana eventually closing the gap during the interwar period. After 1918, the Carniolan Savings Bank also faced a significant outflow of deposits. In addition to the broader changes in the money market, longstanding issues — such as the burden of war bonds issued by the Austro-Hungarian Monarchy, along with investments in government securities and real estate in Vienna — further compounded the Savings Bank's difficulties. The former empire financed much of its wartime expenditure through war

634 SI AS 437, f. 38. *Zgodovina hranilnice, referatna pola*, 4 December 1944, 6–8.

635 Lazarević and Prinčič, *Zgodovina slovenskega bančništva*, 135–40.

bonds, which weighed heavily on the financial stability of institutions like the Carniolan Savings Bank.⁶³⁶

The Carniola Savings Bank regularly repaid each of the eight loans granted by the Austrian government between 1914 and 1918. In the last year of the war, the savings bank had invested more than 50 per cent of its deposits in Austrian government securities and war bonds.⁶³⁷ After the collapse of the monarchy and the establishment of the Kingdom of Serbs, Croats and Slovenes (the Kingdom of SCS), these investments were made abroad, and access to these funds was practically impossible. The sale of some real estate was discussed several times in the General Assembly. Members saw the sale of some properties in Ljubljana as a good opportunity to cover part of the loss from the Austrian war bonds. In 1921, a savings bank negotiated the sale of the so-called Virant House, which the postal administration then purchased.⁶³⁸

A significant unresolved issue for the Savings Bank was the status of the war bonds. Beginning in 1922, the Savings Bank ceased including these bonds in its adjusted balance sheets, as it was evident that recovering the losses would be impossible. An error was later made in the 1924 financial report, which incorrectly stated that the Austrian war bonds had been written off. However, a subsequent review of the bank's finances conducted by the Ljubljana Administrative Unit in 1928 — after taking over the Savings Bank — uncovered an irregularity: the war bonds remained uncollectible and essentially represented lost capital. This fact was also acknowledged by the committee in its report.⁶³⁹

An anonymous author of a brief document on the history of the Savings Bank notably emphasised that “the overvalued Austrian government paper represented a huge passive balance

636 Šorn, *Slovensko gospodarstvo v poprevratnih letih*, 22.

637 SI AS 437, f. 38, Zgodovina hranilnice, 2–3.

638 SI AS 437, f. 11, Zapisnik o ravnateljstveni seji Kranjske hranilnice, 5 July 1921. SI AS 437, f. 11, Zapisnik o ravnateljstveni seji Kranjske hranilnice, 10 December 1921.

639 SI AS 437, f. 42, Opravilno poročilo in računski sklep za l. 1928, 6.

in the balance sheet account.”⁶⁴⁰ In addition to the Austrian war loans, the savings bank’s balance sheet was heavily burdened by investments in government securities of the former monarchy. The asset side was typically dominated by mortgage loans and securities issued by the State. These investments were further encouraged by the government, which regarded them as the safest options — a principle enshrined in the Savings Bank Regulation. The situation was similar to the war loans and the four properties owned by Carniolan Savings Bank in Vienna. The dramatic changes in market trends, coupled with the declining value of these assets amid rising inflation during the war, made it difficult to assess their true worth accurately. The stock market was effectively frozen, rendering capital inaccessible. Moreover, the Austrian government ceased payments of claims from Yugoslav citizens, further complicating the bank’s financial standing.⁶⁴¹

In 1920, the new management of the Savings Bank began addressing the problems mentioned above. They set up a financial committee because

In the days of the old monarchy, the institution had a rather lively turnover with depositors residing in Vienna and other cities of the Austro-Hungarian Empire. Moreover, since the outbreak of war with Italy, it had kept almost all its securities with the monetary institutions in Vienna and Graz. Consequently, the Carniolan Savings Bank had larger amounts of available funds invested with the monetary institutions in those cities.⁶⁴²

The Finance Committee was initially set up for a three-month term, but continued to work and address outstanding claims and general securities transactions. The committee members were elected from among the management ranks. In addition to the president of the association and the official director,

640 SI AS 437, f. 38, Zgodovina hranilnice, 3–4.

641 SI AS 437, f. 38, Zgodovina hranilnice, 3. SI AS 437, f. 11 Poročilo zaradi izvolitve posebnega finančnega komiteja.

642 SI AS 437, f. 11, Poročilo zaradi izvolitve posebnega finančnega komiteja [own translation].

who was responsible for running the business and overseeing the bureaucracy, three other representatives took part.

Throughout the entire interwar period, the issues surrounding securities persisted and increasingly complicated the operations of the Savings Bank. The Carniolan Savings Bank entrusted the Hungarian securities to the Croatian Slavonian Land Mortgage Bank (Hrvatska slavonska zemeljska hipotekarna banka) in Zagreb, which attempted to sell them – with varying degrees of success — often aiming to minimise losses.⁶⁴³ Additionally, the situation with Hungary became more convoluted concerning the realisation of these assets. Although a treaty was signed between the same the Kingdom of SCS and Hungary, it was never ratified, making its implementation impossible. In 1928, the Treasury renewed its efforts to resolve the issue, engaging Minister Anton Sušnik in discussions. In a letter, they acknowledged the gravity of the matter, starting: “We have a lot at stake in this matter because we have considerable sums invested in Hungarian papers.”⁶⁴⁴

As mentioned, savings bank deposits fell significantly in the final months of 1918. The situation changed in 1921 when the trend reversed. Despite its success, the savings bank still recorded a modest inflow of money compared to other financial institutions. The regulated savings banks gradually modernised their operations. Most of them also began to offer current accounts.⁶⁴⁵ The Carniolan Savings Bank followed this example and included a new form of business in its new articles of association, which were adopted in 1923. This success was undoubtedly influenced by the increased cash flow of the time. During the period under review, the savings bank deposited its cash surpluses with various financial institutions: the Co-operative Bank of Slovenia, the Credit Institute for Trade and

643 SI AS 437, f. 44, Prodaja oz. valorizacija ogrskih zadolžnic.

644 SI AS 437, f. 44, Dopis Antonu Sušniku, narodnem poslancu in ministru, 7 March 1928.

SI AS 437, f. 44, Dopis Francu Smodeju, 24 March 1928.

645 Lazarević and Prinčič, *Zgodovina slovenskega bančništva*, 135.

Industry, a branch of the First Croatian Savings Bank (Prva hrvatska štedionica), the Slovenian Bank (Slovenska banka) and the Slavic Bank (Slavenska banka).⁶⁴⁶

One of the more important was the Slovenian Bank, which was entered in the commercial register on 31 December 1920, and whose board members included Dragotin Hribar, president of the Carniolan Savings Bank.⁶⁴⁷ From 1924, it also cooperated with a branch of the Slavic Bank from Zagreb. It soon became apparent that cooperating with two banks was the wrong decision. At the beginning of 1922, the directors of the Slovenian bank had already expressed concerns about possible problems. This led to heated debates at several directors' meetings. Anton Nagode asked the President for clarification about "various rumours circulating in Ljubljana." He was particularly curious about the connection between the Carniolan Savings Bank and the above-mentioned bank. President Hribar argued that the bank was

Not materially affected, since its loan to the cannery and Impez is covered, and it is only the bad intentions of a Jew Kronfeld and his henchmen have tried to discredit the bank. The Carniolan Savings Bank has no direct connection with the Slovenian Bank and only has a few million dinars in deposits, which have been cancelled and partially paid out.⁶⁴⁸

Despite warnings from individual members of the management, the money continued to be invested in the controversial financial institution. In 1925, 1.8 million dinars were invested in the Slovenian Bank.⁶⁴⁹ President Hribar repeatedly pointed out that the savings bank was heavily indebted to banks at the beginning of his term of office and was debt-free in 1926 with a sum of money that it had "invested in safe banks." He explained the low net profit because the state had already restricted the

646 SI AS 437, f. 11, Poročilo seji ravnateljstva, 20 December 1923.

647 *Uradni list deželne vlade za Slovenijo*, 29 January 1921, 73.

648 SI AS 437, f. 11, Zapisnik o 13. ravnateljstveni seji, 19 October 1922 [own translation].

649 SI AS 437, f. 38, Zgodovina hranilnice, 8.

unrestricted use of these funds in 1920, and they had to be used to write off Austrian war loans.⁶⁵⁰

According to Lojze Tršan, the story of the Slavic Bank, which was finally liquidated in 1930, represents one of the most significant financial upheavals in Slovenia in the interwar period.⁶⁵¹ The Carniolan Savings Bank was also affected by these turbulent events. It had invested almost 3.5 million dinars in Slavic Bank, primarily through the Brothers' Fund of the Trbovlje Coal Mining Company (Trboveljska premogokopna družba).⁶⁵² The bank's aggressive and speculative dealings with Slavic Bank soon led to severe difficulties for both institutions. In September, a court in Zagreb ordered the liquidation of Slavic Bank.⁶⁵³ The difficulties began in the autumn of 1926, when Slavic Bank encountered serious financial problems, causing it to suspend payments and initiate bankruptcy proceedings that lasted more than three years. The crisis reached a boiling point during the general assembly of the Carniolan Savings Bank Association on 25 June 1927, where the other members severely criticised the president and the director in a heated debate. The main accusations were related to the massive losses suffered by the savings bank due to poor investments in the Zagreb-based bank.

Around the same time that the savings bank encountered these financial difficulties, the new regional board of the Ljubljana administrative unit (*Oblastni odbor ljubljanske oblasti*) proposed taking over the Carniolan Savings Bank under specific conditions. This proposal sparked a significant debate about the future direction of the Savings Bank. The offer was carefully examined at a general meeting of the association's members. On 7 July 1927, the Board of Directors convened for an extraordinary general meeting to discuss potential solutions to the escalating losses. These meetings ultimately led to the decision to liquidate

650 SI AS 437, f. 13, Poročilo ravnateljstva občnem zboru za leto 1925. SI AS 437, f. 13, Poročilo ravnateljstvu o bilanci in razdelitvi dobička za leto 1925.

651 Tršan, Propad Slavske banke, 368.

652 SI AS 437, f. 38 Zgodovina hranilnice, 8.

653 *Jutro*, 25 September 1926, 2, Kriza v »Slavenski banki«.

the Carniolan Savings Bank Association, to transfer the remaining assets to the regional board of the Ljubljana administrative unit, and to draw up a detailed plan for distributing the savings bank's reserve fund.⁶⁵⁴

The original organisational structure of the Carniolan Savings Bank gradually disintegrated at the end of the 1920s. The long-standing members, or more precisely, those who had been part of the organisation before the introduction of the Slovenian administration, had to adapt and give in to political pressure. At the last General Assembly with the old composition, President Ottmar Bamberg informed those present that: "following the dictates of the government, he was proposing a new list of members containing only foreign names, and the Board had concluded that it could not run the institution under the old management because of the difficulties posed by the government."⁶⁵⁵

In 1927, most of the Slovenian society was in a similar situation, and Dragotin Hribar, the current president of the organisation, was at the forefront. He found himself isolated in the constant endeavour to maintain the situation created in 1919 and bore a responsibility that was becoming increasingly difficult to bear.

A review and comparison of the minutes of the meetings show that, in contrast to the period before the end of World War I, when management acted in harmony and most decisions were made unanimously, relations between the directors and their actions were no longer as coordinated after 1919. The main disagreements and accusations concerned the problems faced by the savings bank due to the unwise investment of financial assets in various financial institutions that proved unsafe due to the speculations of their managers.

Due to the uncertain situation regarding the Slovenian Bank and Slavic Bank, debates have increasingly developed

654 SI AS 437, f. 38, Zgodovina hranilnice, referatna pola, 4 December 1944, 10–11.

655 Ibid., 4.

at the board meetings. At the end of 1926, director Ivan Vovk opened the discussion and raised the question of responsibility. He was joined by the curator, Karel Čeč, who pointed out that clarifying the above-mentioned issues was already behind schedule. On the other hand, President Hribar did not want to take responsibility, as, in his opinion, the directors as a whole were responsible. The discussions at the meetings in the spring of 1927 became increasingly heated.⁶⁵⁶ Dr Vladimir Ravnihar and Dr Mirko Božič also took the floor in the debates and called President Hribar to account in a similar manner. The strained relations between the savings bank directors are also reflected in sudden resignations from their posts and resignations from the association. Anton Nagode was the first to leave the savings bank in 1926, followed by Ivan Vovk in June of the following year.⁶⁵⁷ Tensions came to a head at the general meeting of the savings bank association when a debate was opened on the future fate of the savings bank, its organisation and the reasons for its existence in general.⁶⁵⁸

At the same time as the events in the Savings Bank, there were also significant changes on the political stage in Ljubljana and Maribor. Although the Vidovdan Constitution of 1921 provided for municipal assemblies as a fundamental organ of local self-government, the first elections did not take place until early 1927. Representatives of seven political parties were elected to the Ljubljana Administrative Unit Assembly and nine to the Maribor Administrative Unit Assembly. Dr Marko Natlačen was elected chairman of the council in Ljubljana, and Dr Josip Leskovar in Maribor.⁶⁵⁹ The Slovenian Administrative Unit self-governments regulated local finances, managed local property, took care of public works, transportation and the implementation of

656 SI AS 437, f. 13, Zapisnik o 8. ravnateljstveni seji, 17 December 1926.

657 SI AS 437, f. 39, Dopis o odstopu, 4 October 1926. SI AS 437, f. 39, Seznam društvenih članov ozirom na navzočnost.

658 SI AS 437, f. 13, Zapisnik o 1. ravnateljstveni seji, 4 February 1927. SI ZAL LJU 176, f. 18, Izredni občni zbor, 7 July 1927.

659 Ibid., 12. See also: Stiplovšek, *Slovenski parlamentarizem 1927–1929*, 123–41.

building regulations, promoted various agricultural enterprises, health and social services and ensured the introduction and maintenance of savings, credit and insurance institutions. The resolutions of the local assemblies were implemented in practice by local committees, which managed the self-government administration and supervised all the above-mentioned institutions. In addition to administering property, the law also provided for the right to establish local business enterprises and financial institutions,⁶⁶⁰ which was of crucial importance for the future of the Carniolan Savings Bank.

Although the Ljubljana Administrative Unit Committee had the right to establish a new financial institution, the General Assembly decided to take over the Carniolan Savings Bank. The committee headed by Dr Marko Natlačen prepared an offer. The management of the savings bank received the proposal at the beginning of June, and the discussion about the proposal only began at the General Assembly on 25 June 1927. A stormy debate developed in which the curator, Karel Čeč, played a leading role.⁶⁶¹

President Hribar spoke out against the proposal to transfer control of the Savings Bank but found himself isolated with his stance. However, most of the members present agreed to the offer and authorised the management to negotiate on their behalf. A compromise was quickly found. At the beginning of July, a majority voted in favour of the proposal at a secret board meeting, on the condition that the savings bank's reserve fund was to be allocated to the civil servants and used for charitable purposes.⁶⁶²

The Ministry of Trade and Industry confirmed these resolutions by decree of 14 December 1927. The authorities of Ljubljana took over Carniolan Savings Bank, including all its assets, liabilities, and the right to the name.⁶⁶³ On 7 January 1928, the

660 Stiplovšek, *Prizadevanja skupščin ljubljanske in mariborske oblasti*, 1, 6–9.

661 SI ZAL LJU 176, f. 18, Izredni občni zbor, 7 July 1927.

662 Ibid.

663 SI AS 437, f. 38, Zgodovina hranilnice, referatna pola, 4 December 1944, 10–11.

Savings Bank Association was officially dissolved, and with it, the financial institution was organised as a supervisory Savings Bank. The new Savings Bank henceforth operated in the same building and with the same bureaucracy but differed in purpose and organisation from the old Carniolan Saving Bank. Instead of an association with elected management and extensive autonomy, it was given the status of a public financial institution with an appointed Board of Directors. The Committee of the Ljubljana Administrative Region appointed the members of the Savings Bank Board.⁶⁶⁴ A new entity with the same name was entered in the commercial register on 26 January 1928.⁶⁶⁵

The challenges that the Carniolan Savings Bank faced after the end of World War I also occurred within the context of national changes. The German-Slovenian structure changed during this time, and under pressure from above, it shifted so that the Slovenian side gained the majority. At the same time as the internal shifts, intense competition arose in the financial market. On the one hand, all the other regulated savings banks, led by City Savings Bank Ljubljana, gained power, while on the other, banks — joint-stock companies — appeared in large numbers. The latter differed considerably from the Carniolan Savings Bank in their activities and management structure. They had no problems with the nationality of their managers, as almost all of them were Slovenians. In addition, their focus was on profitability, and the charitable component nearly disappeared. The old financial institutions, as did the Carniolan Savings Bank, had to adapt.

The intense competition was more attractive and prompted the former customers of the savings bank to withdraw their deposits and take their savings to the newly founded financial institutions. The reasons for this also lay in the reduced confidence in the security of the deposits, as the Carniolan Savings

664 SI ZAL LJU 176, f. 18, Zapisnik Antona Galleta o izročitvi in prevzemu Kranjske hranilnice, 7 January 1928.

665 *Uradni list ljubljanske in mariborske oblasti*, 25 February 1928, 126.

Bank had invested large amounts of money in Austria-Hungary's war loans. They probably expected a different outcome to the war and thus the repayment of the profitable war loans. The exact opposite was the case. Most of the claims from this title against the savings bank were not repaid.

Old sins were repeated in new mistakes, or to put it another way, the Savings Bank management once again naively believed in the opportunity presented by the general trend towards the risky establishment of numerous new banks. The war bonds, as a bad investment, were repeated in another form and in an indirect way. The Carniola Savings Bank invested a large part of its funds in its financial competitors, which had made speculative investments in the years leading up to the Great Depression of 1929. All this led to a renewed weakening of the savings bank's financial position.

The consequences of all these factors led to a change in the ownership structure. Once again, important decisions were made with the help of political pressure. The Savings Bank became a public institution under the control of the Ljubljana Administrative Unit and simultaneously ceased to be a privately owned institution. Carniolan Savings Bank aimed to contribute to the development of the public economy through long-term municipal and corporate loans.⁶⁶⁶

666 SI ZAL LJU 176, f. 19, Opravilno poročilo in računski sklep za leto 1928, 29 April 1929.

SAVINGS BANK OF DRAVA BANAT LJUBLJANA

The Carniolan Savings Bank came under the Drava Banat, which was formed in November 1929. The Drava Banat was the official successor of the Ljubljana and Maribor administrative regions.⁶⁶⁷ The Royal Ban Administration of Drava Banat changed the name of the Savings Bank into Savings Bank of Drava Banat, Ljubljana. The change was registered in the Commercial Register on 7 January 1931.⁶⁶⁸ The eight-member Board of Directors looked after the business of the Savings Bank. In addition, there was a four-member supervisory Board, which was responsible for the proper and lawful operation. In addition, a special Government Commissioner ensured government control over the operations of the Savings Bank.⁶⁶⁹

Savings Bank of Drava Banat, Ljubljana, was an independent financial institution guaranteed by Banat. This guarantee by the administration had only moral significance. The Savings Bank was responsible for the profitability of its business. Therefore, the Reserve Fund had a significant role in covering possible

667 Potočnik, Ob 125 letnici najstarejšega našega denarnega zavoda Hranilnice Ljubljanske pokrajine, 3.

668 SI ZAL LJU 176, f. 23, Opravilno poročilo in računski zaključek za poslovno leto 1930. SI ZAL LJU 176, f. 18, Zavodove okrožnice, 11 February 1931.

669 SI ZAL LJU 176, f. 23, Poročilo Kraljevi banski upravi o Kranjski hranilnici ob priliki zasedanja banskega sveta, 20 January 1931.

losses.⁶⁷⁰ Due to the aftermath of World War I and poor business decisions in the second half of the 1920s, the bank lost the public's confidence. The transformation into a public financial institution made by Drava Banat improved the situation and enabled a slow rise of the Savings Bank. Since then, the Savings Bank has used the funds entrusted to it for loans to Banat and its institutions, as well as other public-law enterprises. Thus, the Drava Banat received an investment loan, a road loan, a loan for the purchase of buildings by the Savings Bank, and a loan for the theatre.⁶⁷¹

In 1929, the savings banks successfully sold the shares of the Hungarian Western Railway, the bonds of the Danube-Sava-Adriatic Company, and the priorities of the Dolenjske Railways. In the same year, the liquidation of Slavenska banka was completed, and the Savings Bank paid off "existing dead claims" from its assets.⁶⁷² Especially in the second half of the year, deposits rose sharply while demand for loans fell, resulting in disproportionately high liquidity. The problem, however, was that the Savings Bank had to place unplaced funds with other financial institutions. In addition, unlike other savings banks and credit cooperatives, the Savings Bank of Drava Banat did not enjoy the right to a lower annuity tax rate. The depositor had to pay the annuity tax prescribed by law. The Savings Bank absorbed the annuity tax, preventing a major cash outflow while attracting new deposits. The end of the third decade of the 20th century was marked by a significant increase in checking account deposits, which were a major component of the Savings Bank's legal expansion. Depositors' current accounts required a high level of prepared liquid assets.⁶⁷³

670 SI ZAL LJ 176, f. 23, Opravilno poročilo in računski zaključek za leto 1935.

671 SI ZAL LJU 176, f. 23, Poročilo Kraljevi banski upravi o Kranjski hranilnici ob priliki zasedanja banskega sveta, 20 January 1931.

672 SI ZAL LJU 176, f. 23, Poročilo banski upravi za leto 1929.

673 Ibid. SI ZAL LJU 176, f. 23, Opravilno poročilo in računski zaključek za poslovno leto 1930.

The Great Depression began in Yugoslavia in 1930, when prices fell and farmers' purchasing power declined, followed by high unemployment and the collapse of the banking sector.⁶⁷⁴ The Savings Bank of Drava Banat had not yet felt the effects of the crisis in 1930. The success of the business was reflected in the write-offs on the balance sheet. It covered the price losses on securities, especially the two-fifths on government securities. Moreover, it also covered the shortfall in the pension fund for the Savings Bank's employees and wrote off bad debts.⁶⁷⁵ In July 1931, the Savings Bank bought shares from Drava Banat and City Savings Bank Ljubljana with the Credit Institute for trade and industry. The former bought more than half of all the shares (27,000 out of 45,000).⁶⁷⁶ This purchase represented a clear departure from the traditional business policy of the savings banks, as their founders generally prohibited involvement in this sector. The credit institution for trade and industry held an important position in the Slovenian economy, which prompted the Municipality of Ljubljana and Drava Banat to approve the purchase of these shares.⁶⁷⁷

The general economic crisis contributed to the emergence of public distrust in financial institutions, resulting in widespread panic, *bank runs*, and deposit withdrawals. Due to pressure from existing depositors, many financial institutions used capital from new depositors to repay the old ones. Institutions found themselves having to limit the cash they paid out to new depositors.⁶⁷⁸

In 1932 and 1933, the flow of account openings came to a complete standstill. On the one hand, the highly liquid funds had been depleted by the constant withdrawals. But the Savings Bank had invested relatively large amounts of money in loans to

674 Lazarević and Prinčič, *Zgodovina slovenskega bančništva*, 53.

675 SI ZAL LJU 176, f. 23, Opravilno poročilo in računski zaključek za poslovno leto 1931.
676 Ibid.

677 Lazarević and Prinčič, *Zgodovina slovenskega bančništva*, 144.

678 SI ZAL LJU 176, f. 23, Opravilno poročilo in računski zaključek za poslovno leto 1931. SI ZAL LJU 176, f. 23, Opravilno poročilo in računski zaključek za poslovno leto 1932.

other financial institutions. The weakened economic power of the debtors led to a decline in interest and pension payments. A domino effect was created, so the Savings Bank could not meet all the claims of depositors and had to restrict cash payments. Depositors demanded that all their savings be withdrawn from the accounts, which they wanted to invest in the purchase of real estate and other goods.⁶⁷⁹

The crisis was exacerbated by the fall in the prices of government securities, which limited the possibilities of pawnbroking and led to high interest rates. In the meantime, the savings bank decided not to recall any loans. Instead, it distinguished between old deposits and those made after 30 September 1931.⁶⁸⁰ It paid out old deposits only to a limited extent, only as much as the funds from the repaid loans permitted. New deposits were held in liquidity and paid out promptly upon request or as agreed. Additionally, it maintained large cash balances in the cash register, at the Postal Savings Bank, and in the current account of the National Bank.⁶⁸¹

In 1934, depositors calmed down, and business with depositors who had old accounts proceeded smoothly and amicably. New deposits poured in slowly and steadily, allowing the Savings Bank to resume its short-term lending business.⁶⁸² The Savings Bank situation of Drava Banat improved in 1936 and 1937, when operations returned to normal. The business was characterised by high liquidity, which was necessary due to the short-term nature of the investments and the limited opportunities for short-term investments. Debtors on the current account included the Royal Ban Administration of the Drava Banat and the Carniola Regional Power Plant (Kranjske deželne elektrarne). In addition, the Royal Ban's administration also

679 SI ZAL LJU 176, f. 23, Poročilo Kraljevski banski upravi Dravske banovine o Hranilnici Dravske banovine v Ljubljani ob priliki zasedanja banskega sveta, January 1933.

680 SI ZAL LJU 176, f. 23, Opravilno poročilo in računski zaključek za poslovno leto 1932, 31 March 1933.

681 Ibid.

682 SI ZAL LJU 176, f. 23, Računski zaključek in opravilno poročilo za leto 1934.

invested in redemption loans. The Savings Bank Credit Association was also listed as a debtor.⁶⁸³

The Savings Bank Credit Association was an independent financial institution that acquired this status when the Carniolan Savings Bank Association was dissolved in 1927. However, the Ministry of Finance later changed this status and the Credit Association again became part of the Savings Bank of Drava Banat. This change of status brought the obligation to pay high social security contributions for 1933 and 1934. The appeal to the National Council was unsuccessful, resulting in the liquidation of the Credit Association. The Board made this decision at the association's general meeting on 26 November 1936. The liquidation was completed the following year.⁶⁸⁴ In this way, another institution connected with the old Carniolan Savings Bank was shut down from the preceding period.

The business of the Savings Bank remained stable until the end of September 1938, when the unstable international situation led to unrest among depositors. The acute crisis began in the second half of September 1938, but many financial institutions were subjected to even greater scrutiny than they had been in the years 1931 to 1935. This time, people increased their overall savings. Nevertheless, the Savings Bank of Drava Banat was ready, as it had sufficient liquid assets and met all the requirements with unlimited amounts without significant problems.⁶⁸⁵ The population calmed down soon after, and the Savings Bank saw a positive trend in deposits. Deposits increased by 21 per cent compared to the period before September 1938. In addition, the Savings Bank was committed to promoting smaller deposits and was very successful in doing so.⁶⁸⁶

683 SI ZAL LJU 176, f. 23, Poročilo Kraljevski banski upravi Dravske banovine o Hranilnici Dravske banovine v Ljubljani o priliki zasedanja banskega sveta, 19 January 1937. SI ZAL LJU 176, f. 21, Opravilno poročilo in računski zaključek za leto 1937.

684 SI ZAL LJU 176, f. 23, Opravilno poročilo in računski zaključek za leto 1936. SI ZAL LJU 176, f. 21, Opravilno poročilo in računski zaključek za leto 1937.

685 SI ZAL LJU 176, f. 21, Poslovno poročilo Hranilnice dravske banovine v Ljubljani za poslovno leto 1938.

686 SI ZAL LJU 176, f. 21, Hranilnica dravske banovine v Ljubljani ter njena ekspozitura v Kočevju, 1–2.

The Savings Bank Drava Banat established its first branch in Kočevje based on a decision taken at a Board meeting on 29 April 1937. The opening of the branch was approved on 8 June 1937 by a decree of the administration of Royal Ban on Drava Banat.⁶⁸⁷ Until the end of its activity, the Savings Bank attempted to establish another branch in Kranj in 1941, which was to operate in the district courts of Kranj, Tržič, Škofja Loka, Radovljica, and Kranjska Gora. However, the Savings Bank was unsuccessful due to the outbreak of World War II.⁶⁸⁸ As the financial institution of Drava Banat, the Savings Bank financed the project of the provincial administration and enterprises either with funds from regular business operations or with special funds derived from approved loans.⁶⁸⁹

687 SI ZAL LJU 176, f. 19, Predpisi za poslovanje ekspoziture Hranilnice Dravske banovine Ljubljana v Kočevju, Ljubljana, 26 October 1937.

688 SI ZAL LJU 176, f. 19, Ustanovitev podružnice Hranilnice Dravske banovine v Kranju. VIII. No. 565/1, v Ljubljani, 14 January 1941. Lazarevič and Prinčič, *Zgodovina slovenskega bančništva*, 169.

689 SI ZAL LJU 176, f. 22, Poslovno poročilo Hranilnice Ljubljanske pokrajine v Ljubljani za leto 1942, 1.

WORLD WAR II AND THE DISSOLUTION OF THE SAVINGS BANK

During World War II, the Savings Bank was given a new name for the last time. It was renamed Savings Bank of the Ljubljana Province. The High Commissioner of Ljubljana Province was responsible for the business operations.⁶⁹⁰ There were no significant organisational changes in the Ljubljana Province, allowing financial institutions to continue their operations. The business of the public financial institutions was conducted through the Savings Bank of the Province of Ljubljana.⁶⁹¹ The Savings Bank tried to mitigate the effects of the war on its employees. Therefore, it took over the payment of public and social benefits and assessed salaries with high net benefits.⁶⁹²

The inflow of new deposits was insignificant. Depositors withdrew smaller amounts, most of which they used for living and survival expenses. However, current account balances increased due to the High Commissioner's cash transactions with the Savings Bank of the Province of Ljubljana.⁶⁹³ The Savings Bank restricted money lending to the lower short-term loans and credits vital to the economy and population of the Province.⁶⁹⁴

690 *Jutro*, 14 June 1941, 2, Preimenovanje Hranilnice dravske banovine.

691 Lazarevič and Prinčič, *Zgodovina slovenskega bančništva*, 169.

692 SI ZAL LJU 176, f. 21, Poslovno poročilo za leto 1940.

693 SI ZAL LJU 176, f. 22, Poslovno poročilo za l. 1942, 5 April 1943.

694 *Ibid.*

Until the capitulation of Italy in September 1943, the Savings Bank held cash reserves in treasury bills, which bore interest at 3.25 per cent on a monthly maturity. After the Banca d'Italia departed, the financial institutions had only one option for investment. They put the money they had collected into short-term commercial promissory notes.⁶⁹⁵

After Italy's capitulation, the Germans assumed control of the Province of Ljubljana. Instead of the Italian High Commissariat, they introduced a provincial administration. However, the structure of the Ljubljana Province remained unchanged. The provincial administration issued a decree on 28 December 1943 and introduced a new Board of the Savings Bank, which was constituted at the beginning of January 1944.⁶⁹⁶

The Banca d'Italia's branch in Ljubljana was closed, resulting in the transfer of its agendas to the branch in Trieste. This left the Province of Ljubljana without a financial institution with issuing rights, which was responsible for managing and regulating monetary transactions with foreign countries, ensuring payment transactions, and allowing financial institutions to invest capital.⁶⁹⁷ Savings Bank of the Province of Ljubljana had a current account with the Banca d'Italia in Trieste. This account held funds needed for operations. The situation changed when the Banca d'Italia's funds increased due to transfers from the Reichskreditkasse to various institutions.

Nonetheless, the bank did not pay out this money in cash. The Savings Bank was therefore faced with a cash shortage. The arrangement of cash supply became an urgent problem that needed an urgent solution. The head of the provincial administration issued a decree on 15 September 1944, by which the Savings Bank of the Province of Ljubljana was granted the rights of an issuing bank. Shortly thereafter, it issued money orders

695 SI ZAL LJU 176, f. 22, Poslovno poročilo za leto 1943, 16 March 1944.

696 Lazarevič and Prinčič, *Zgodovina slovenskega bančništva*, 171. SI ZAL LJU 176, f. 22, Poročilo k bilanci l. 1944, 8 March 1945, 2.

697 SI ZAL LJU 176, f. 22, Poročilo k bilanci l. 1944, 8 March 1945, 1.

and coins. However, a cash shortage persisted until the end of the war and the liberation in 1945.⁶⁹⁸

On 17 May 1945, the Ministry of Finance of the National Government of Slovenia issued the decree dismissing the Administrative and Supervisory Boards of the Savings Bank of Ljubljana. All tasks of the two bodies were transferred to the Ministry of Finance's delegate.⁶⁹⁹ The Savings Bank of the Province of Ljubljana ceased its activities on 31 December 1945. The City Savings Bank of Ljubljana took over all assets and liabilities of the former Provincial Savings Bank. The Presidency of the Slovenian National Liberation Council adopted the last decree.⁷⁰⁰

698 SI ZAL LJU 176, f. 22, Poročilo k bilanci l. 1944, 8 March 1945, 1. Lazarevič and Prinčič, *Zgodovina slovenskega bančništva*, 171–72.

699 SI ZAL LJU 176, f. 19, Odredba o razrešitvi upravnega in nadzornega odbora Hranilnice Ljubljanske pokrajine, Ljubljana, 17 May 1945.

700 SI ZAL LJU/362, f. 12. Uradni zaznamek glede dunajskih hiš last Hranilnice bivše Ljubljanske pokrajine. Iz Slovenije. *Glas zaveznikov, Informacijski dnevnik A. I. S.*, 15 January 1946, 2.

CONCLUSION

The operation of the Carniolan Savings Bank facility from 1820 until the collapse of the Austro-Hungarian Monarchy in 1918 can be divided into four periods. The first *pioneer period* lasted from the establishment of the institution in 1820 until the enactment of the state *Savings Bank Regulation* in 1844. During the first period, most savings banks in the Habsburg Monarchy were established as a project to assist the weakest members of society. There was still no uniform legal basis for their establishment and operation, and they lacked systematic state control. The founders of the Carniolan Savings Bank worked based on information they had received from other savings banks, notably the First Austrian Savings Bank.

But following the example and experience of other institutions, innovations were introduced in the operation. The Ljubljana Savings Bank operated as a provisional association for the first two years. In 1822, it finally operated as a permanent monetary institution, accepting money for safekeeping and distributing the accumulated capital in mortgage loans to the population of the Province of Carniola. In the first decade of its operation, Carniolan Savings Bank hired the first employee who received financial compensation, thus following the path of gradual professionalisation of its staff. In 1835, the administration opened a pawnshop, as it had money at its disposal, and in this way enabled the poorer strata of society to obtain the funds.

The second period of development began with the *Regulation* and lasted until 1872, when a new *Model statute* supplemented the act. This document represented a significant turning point in Austrian savings banking. The state recognised these financial institutions could positively influence economic development on a broad, regional scale. This was also influenced by the expansion of savings banks, which were founded and managed by municipalities. The second period of development of the Carniolan Savings Bank began with the final harmonisation of its *Statute* with the state law. It amended the *Statute* again in 1867, which was in force with minor changes until the end of

World War I in 1918. During this period, the purchase of securities became increasingly important. Next to mortgage loans, securities became the second-highest item in the balance sheet assets of the savings banks. By the end of this period, savings banks abandoned the practice of limiting the amount allowed on a single account Book. They also had greater discretion in spending the money they accumulated.

The beginning of the third Carniolan Savings Bank development period was marked by the collapse of the Vienna Stock Market in 1873, which was accompanied by a severe agricultural crisis. Due to the strict rules of the *Regulation*, the savings banks suffered no significant consequences from the stock market crash. In the same year, Saving Bank decided to open a Credit Association in Ljubljana, which was intended for lending to merchants and craftsmen. However, the business expansion did not end there. In 1889, the financing of municipal projects was introduced, for which the Savings Bank introduced loans with a lower interest rate. In the 1880s, a new arena emerged where the institution found itself at the centre of political and then national antagonisms between Carniolan Germans and Slovenes.

The period when Carniolan Savings Bank was the only financial institution in the Province of Carniola came to an end, as a more intensive opening of new savings banks began. The third phase of development ended in 1907, when, like most other savings banks in Austria, it experienced a slight decrease in deposits. In the same year, the long-standing trend of increasing all balance sheet items also ended.

Many challenges have marked the last period of development. It began in 1908, when conflicts between the Slovene and German ethnic groups reached their peak. Slovenian politicians encouraged the mass withdrawal of deposits and attempted to undermine the credibility of the Carniolan Savings Bank by spreading false rumours of business irregularities and insolvency. The Savings Bank was the central financial institution in

the Province of Carniola and a crucial factor in the province's economic development. Therefore, it had control over its operations. Despite the damage caused by the boycott and the withdrawal of funds, the institution recovered quickly. Soon after, the situation deteriorated again, first with the Balkan Wars and then with the outbreak of World War I in 1914.

War brought uncertainty, as the entire economy had to adjust to meet the needs of war and inflation. Additionally, the Austro-Hungarian government raised funds through special war bonds, in which the Carniolan Savings Bank participated.

In the 19th century, the Carniolan Savings Bank played a significant role in encouraging thrift among the poor. Besides the benefits to individuals, the Savings Bank increased capital mobilisation and served local communities through charitable giving. The social issue appeared in a changed form as an urgent matter of improving the financial condition of an increasing number of impoverished sections of society. The management knew the financial resources raised could help overcome hardships and contribute to the common good. The Board of the Carniolan Savings Bank donated a portion of its annual net income to charity. In the early period of the institutional system of savings banks, these institutions formed the backdrop to a social issue. Using net income for charitable purposes is explained in Article 12 of the *Savings Bank Regulation*. It was necessary to maintain a higher level of reserves than was required for operating the institution.

Carniolan Savings Bank was the central financial institution in the province and a significant factor in economic development. It provides an excellent example that illustrates the influence of politics and nationalism on economic growth. In challenging circumstances, the Savings Bank faced considerable pressure and a large *run* on its deposits.

The year 1908 brought changes in its policy of philanthropic activities due to the consequences it faced after the *run* and the boycott. Carniolan Savings Bank originated as a project

conceived by individuals who felt a need to give back to society. They had different motives for their philanthropic work, encompassing both economic and altruistic considerations.

Under pressure, the Savings Bank made monetary donations only to those who remained loyal to it. The 1908 crisis represents a local phenomenon in the Province of Carniola, which began with the news of the Carniolan Savings Bank's insolvency. *Bank runs* were a common feature of crises and played a prominent role in monetary history. In uncertain times, the population usually withdraws its savings. A Savings Bank could refuse to pay out higher amounts because of its set of rules; however, the Carniolan Savings Bank always tried to be consistent and meet all the demands of its depositors. It wanted to ensure the safety of its business and invested money.

With the September events and the subsequent boycott that affected Carniolan Savings Bank operations, 1908 was a watershed year. Although the management of this financial institution tried to be more accessible to the Slovene part of the population by issuing materials in Slovene, the Institute was closed on several levels. But the Savings Bank maintained its leading position in Carniola in most areas of business, especially in terms of investments in government securities and the high level of its Reserve Fund. But the City Savings Bank Ljubljana came closer to depositors' money, while the municipality opened its pawnshop.

The Savings Bank continued to focus its investment policy on government securities during World War I. Although to a lesser extent in the first year, the Savings Bank regularly participated in the Austrian government's war bonds. This policy proved disastrous at the end of the war. It was directly related to the decline in the value of the national currency and inflation, which intensified over the years. As early as the beginning of 1918, a reversal and renewed emphasis on neglected mortgage lending can be observed. With the end of World War I in 1918 and the end of the Monarchy, the Savings Bank found itself in

the new economic, cultural and social environment of the Kingdom of Serbs, Croats and Slovenes. With some adjustments, it continued to operate as before. Besides the new management, the goal also remained the same until the end of 1927. The most significant structural changes brought about the dissolution of the Savings Bank Association.

The Savings Bank was no longer a private institution. It was a public institution that primarily facilitated capital investments for the provincial authorities of the Drava Banat. World War II, the Italian occupation, and the German takeover in 1943 brought about new changes and conditions for operating the Savings Bank. It went through the last three phases of its activity, spanning from 1919 to 1945.

From its inception, Carniolan Savings Bank had several functions. First, it was a financial institution designed to give more impoverished people access to banking services. Second, profit was not the primary objective of its activities, and it had to focus on promoting thrift. Third, the basic idea was to educate and convince people through newspaper articles about the importance of saving for challenging moments in life. Therefore, the Savings Bank played a significant role in the financial and social development of the territory, as it was the only institution of its kind for an extended period. Consequently, it had a pioneering role in laying the foundations that enabled the development of the financial system. In addition, the savings banks introduced various innovations in the social sphere. As a result, savings banks introduced many improvements in the Habsburg Monarchy. They filled several gaps which then became part of the national, regional or local system. One example was the pawnshop founded by Carniolan Savings Bank in the first half of the 19th century. When it had to close the pawnshop in 1910, the city of Ljubljana found its own as a replacement. Moreover, the social aspect of the Savings Bank's activity is reflected in the financial support provided to various groups of the socially vulnerable population, such as the poor, workers, students and pupils.

The savings banks in the Habsburg Monarchy were subject to considerable legal restrictions, especially on investment decisions. As long as the Carniolan Savings Bank operated as a private institution within the rules and regulations, it was able to distribute profits by enabling the realisation of various projects and expanding its position in the public space of the city of Ljubljana and on a broader regional scale. However, due to a combination of circumstances, the label that it belonged to the German sphere of interest, along with the development of a parallel system of Slovenian financial institutions, this situation changed towards the end of the 19th and the beginning of the 20th century.

The influence of Carniolan Savings Bank on economic development can be divided into direct and indirect effects. The promotion of thrift and capital accumulation were the main activities with a direct effect. However, due to the rigid rules and limited investment opportunities, the obvious impact was also on the management of the mortgage business in the province. Unfortunately, the limited data and the lack of crucial information on the use of approved loans make it difficult to make a concrete assessment. Nonetheless, the sample analysis of approved loans allowed the following conclusions. Lower amounts predominated, reflecting the financial strength of users and most of the population; some extremely high amounts stood out, indicating that the Savings Bank also enabled the realisation of some larger projects. Another channel through which the Savings Bank directly influenced economic development was its non-negligible role in small business development. Founded in 1875, the Credit Society supported the activities of merchants, small entrepreneurs and craftsmen. An important field of activity at the turn of the 19th and 20th centuries was trade credit. These were low-interest loans intended for municipalities. The savings bank lent some of its funds and financed projects, such as the construction of a public water supply, and thus contributed to the urbanisation and modernisation of towns.

The research revealed that the Carniolan Savings Bank had long conducted the financial business in the country without any real competition. Moreover, the leading members of the Savings Bank association held leading positions in branches of other financial institutions from different parts of the monarchy operating in the Province of Carniola. However, the situation changed only between the last decade of the 19th century and the beginning of World War I, with the establishment of a network of financial institutions, including savings banks, credit cooperatives, and banks. Nevertheless, because of its many years of successful operation, the Savings Bank has a considerable advantage over all other institutions established in different parts of the province. This is evidenced by the reserve fund and the sums of money that the Savings Bank has accumulated in the deposit accounts.

Carniolan Savings Bank, with some adjustments, continued its operations in the same way as before. Besides the new management, the objective also remained the same until the end of 1927. The Savings Bank continued to focus on collecting deposits and carrying out its credit policy. It also introduced current account business in the first half of the 1920s. The most significant structural changes came with the dissolution of the Savings Bank Association, which meant that the Savings Bank was no longer a private institution. From 1928 and 1929 onwards, it was a public institution, primarily investing in the provincial authorities of the Drava Banat. Nevertheless, it did not cease its activities with the population. World War II, the Italian occupation, and the German takeover in 1943 brought about new changes and conditions for the Savings Bank's activity.



POVZETEK

KRANJSKA HRANILNICA: ZAČETKI FINANČNEGA RAZVOJA NA SLOVENSKEM

Knjiga obravnava zgodovinski pomen in razvoj finančnega posredništva na slovenskem ozemlju. V ospredju se nahaja Kranjska hranilnica, ki je bila ustanovljena v Ljubljani leta 1820. Hranilnice so bile finančne ustanove, ki so se pojavile v začetku 19. stoletja. Njihov primarni namen je bil zbiranje denarja oziroma hranilnih vlog od nižjih slojev prebivalstva. Te ustanove so delovale s ciljem, da bi spodbujale varčevanje med manj premožnimi sloji prebivalstva in pospeševale ideje o pomenu varčnosti in finančne vključenosti ter navsezadnje prispevale k lokalni in regionalni gospodarski rasti. Študija obravnava kontekst, v katerem so se hranilnice pojavile, poudarja njihovo vlogo pri vključevanju prebivalstva, ki do takrat ni imel pristopa do bančnih storitev. Voditelji Kranjske hranilnice so bili še vedno pod vplivom idej razsvetljenstva in so ustanovili finančno ustanovo, ki je motivirala varčevanje prebivalstva na Kranjskem.

Kranjska hranilnica je odražala zgodovinski kontekst časa, njegove splošne gospodarske in družbene spremembe, ob katerih se je razvijala nacionalna identiteta v habsburški monarhiji. Raziskava pomembno prispeva k historiografiji hranilnic, saj so v širšem srednjeevropskem prostoru prepoznane kot bistvene akterke družbeno-ekonomskega razvoja. Knjiga predstavlja celovito študijo vpliva hranilnic na lokalne skupnosti in finančne sisteme ter poziva k diferenciranemu razumevanju medsebojnega vpliva med financami in družbo z interdisciplinarne perspektive. Kranjska hranilnica se je sprva osredotočala na sprejemanje depozitov in odobravanje

hipotekarnih posojil ter se tako uveljavila kot osrednja finančna institucija v deželi Kranjski. Sčasoma se je iz neprofitno usmerjene ustanove razvila v hranilnico, ki je poslovala z vsemi sloji prebivalstva.

Za ustanovitev in razvoj Kranjske hranilnice so si prizadevali ugledni meščani in trgovci v Ljubljani, prestolnici dežele Kranjske. Ustanovitelji so pod vodstvom župana Janeza Nepomuka Hradeczkega in uspešnih trgovcev zasnovali finančno ustanovo, ki je nudila varen prostor za varčevanje in je služila predvsem nižjim slojem prebivalstva. Okvir delovanja se je začel z začasnim statutom, pozneje preoblikovanim v Pravilnik, ki so ga odobrili državni organi. Sprva je bila hranilnica neprofitna organizacija, osredotočena na majhne vloge in naložbe v hipotekarna posojila in državne obveznice. Kljub temu se je sčasoma prilagodila razvijajočim se gospodarskim razmeram in razširila svoje kreditiranje, da bi podprla lokalne projekte in skupnosti. Habsburška monarhija je počasi oblikovala pravni okvir za delovanje hranilnic, poudarjen je bil njihov pomen za družbeno blaginjo, državni uradniki pa so nadzorovali skladnost in finančno stabilnost hranilnic.

Zgodovinsko ozadje Kranjske hranilnice je predstavljeno v kontekstu bančnega sistema habsburške monarhije, kar je pomembno za preučevanje in razumevanje finančnega posredništva ter razvoja bančnih ustanov in finančnih omrežij. V knjigi je podrobno opisan način delovanja hranilnic, ki so imele pomembno vlogo pri ocenjevanju kreditne sposobnosti in mobilizaciji prihrankov, ki so jih plasirale v naložbe ter tako spodbujale splošno gospodarsko rast v deželi. Pomembno je predstaviti glavne vidike gospodarskega razvoja in opredeliti ključne prelomnice, ki so oblikovale dolgoročni razvoj dežele in razmere, v katerih je Kranjska hranilnica delovala. Na gospodarsko in socialno strukturo slovenskih dežel v drugi polovici 19. stoletja sta imela največji vpliv dokončna odprava podložništva in začetek industrializacije. Ukinitvev fevdalizma in zemljiška odveza v monarhiji leta 1848 ter reforma, ki je

sledila na Kranjskem od leta 1853 do 1859, skupaj z močnim zadolževanjem in razdrobljenostjo že tako majhnih posestev, nizko donosnostjo zemlje, agrarno krizo v sedemdesetih in osemdesetih letih 19. stoletja kot tudi močno konkurenco tujih izdelkov (na primer ameriškega in ruskega žita), so dodatno poslabšale položaj kmetov.

Bančni sistem se je na slovenskem ozemlju razvil razmeroma pozno. Pomanjkanje dobro organizirane bančne mreže in finančne akumulacije je bilo razlog za počasnejši in poznejši gospodarski razvoj. Kranjska je svojo prvo finančno ustanovo dobila razmeroma zgodaj (že leta 1820), v valu, ki je zajel večino evropskih držav. Kljub temu se je mreža različnih bančnih ustanov razvila šele v drugi polovici 19. stoletja, z več kot šestdesetletno zamudo. Prve so se začele pojavljati hranilnice, nato posojilnice, nazadnje pa banke – delniške družbe. Šele na prehodu iz 19. v 20. stoletje so bile bančne storitve dostopne širšim slojem prebivalstva. Kranjska hranilnica je imela pomembno pionirsko vlogo v finančnem in družbenem oziru na ozemlju, ki dlje časa ni imelo drugih podobnih institucij, s čimer je nedvomno prispevala k postavitvi temeljev za razvoj sodobnega finančnega sistema na Slovenskem.

Z napredkom Kranjske hranilnice se je njena administracija spremenila iz prostovoljne v profesionalno, zaposlovala je tudi plačano osebje. Članstvo društva hranilnice se je razširilo in je vključevalo predvsem trgovce, odvetnike in vplivne osebnosti v skupnosti, pri čemer je večino pobud vodila majhna skupina aktivnih članov, medtem ko so drugi sodelovali pasivno. Do prve svetovne vojne je imela hranilnica ključno vlogo pri upravljanju prihrankov in razdeljevanju sredstev v regiji. Sprva se je osredotočala na hipotekarna posojila, vendar se je njena naložbena strategija zaradi sprememb predpisov razvila v državne obveznice in druge finančne instrumente. Razvoj bilance stanja hranilnice ponazarja premike v obveznostih in lastniškem kapitalu skozi čas. Dokazuje njeno prilagodljivost družbeno-gospodarskim razmeram z različnimi depozitnimi

in naložbenimi možnostmi, ki jih je razvila konec 19. stoletja. Nove kategorije poslovanja, kot so bile subvencije za starejše oziroma sistem rente za delavce v tovarnah, so bile namenjene zagotavljanju finančne varnosti bolj ogroženih skupin prebivalstva. Medtem ko je število odprtih računov v 20. stoletju naraščalo, so gospodarska nihanja privedla do obdobja umika, zlasti med krizami, kot so bile propad dunajske borze leta 1873, bojkot leta 1908 in 1909 ter napetosti prve svetovne vojne. Strategija posojil je bila sprva naklonjena lokalnim obrtnikom in trgovcem ter se je osredotočala na manjše zneske za manj razvite skupine prebivalstva. Z razvojem posojilnih praks pa se je banka vse bolj usmerjala na premožnejše stranke in se oddaljevala od svojega prvotnega poslanstva podpiranja malih in srednje velikih podjetij. Ustanovitev kreditnega združenja je omogočila večjo podporo lokalnim gospodarskim dejavnostim in okrepila vlogo banke v skupnosti. V vseh teh spremembah je Kranjska hranilnica med finančnimi pretresi ohranila zaupanje vlagateljev in imela bistveno vlogo pri izboljšanju dostopa do finančnih storitev v regiji, s čimer je oblikovala finančno krajino dežele Kranjske.

V 19. stoletju je bil družbeni vpliv Kranjske hranilnice na območju dežele Kranjske občuten. V njeni dejavnosti se je odražalo tudi humanitarno delovanje, predvsem prek udejstvovanja v dobrodelnosti, zavezani družbeni blaginji in skrbi za najrevnejše. Vodilni so želeli izboljšati življenjske razmere s finančnim opismenjevanjem prebivalstva, ki se je kazalo v spodbujanju varčevanja in čim večje finančne vključenosti. Kranjska hranilnica je podpirala tiste, ki so bili prej izključeni iz finančnih transakcij, tako da je zapolnila kritične vrzeli v lokalnem gospodarskem sistemu. S preudarnim upravljanjem presežkov je podpirala različne dobrodelne pobude, s katerimi je financirala izobraževanje, zdravstvo in podporo socialno ranljivim skupinam. Tu je šlo predvsem za tovarniške delavce, male obrtnike in gospodinjstva z nizkimi dohodki, ki so jim bili namenjeni varčevalni programi in dostopna posojila.

Partnerstva z lokalnimi dobrodelnimi organizacijami in javna podpora socialni politiki so predstavljali širšo zavezo k bogatitvi družbenega tkiva. Poleg tega je ustanavljanje prilagojenih skladov in storitev, kot so pobude za zastavljalnice in cenovno dostopna stanovanja, odslikavalo zavezanost k izboljšanju razmer za ljudi iz nižjih družbenoekonomskih slojev.

Kranjska hranilnica se je v lokalnem okolju znašla v centru nacionalnih trenj. V zadnji četrtini 19. stoletja je vse večja nacionalna in politična polarizacija omogočila slovenskim politikom, da so se uveljavili na deželnih in občinskih volitvah. S krepitvijo slovenske politične moči na Kranjskem (deželni zbor) in v Ljubljani (mestni odbor) so se pojavila prizadevanja za pridobitev nadzora nad lokalnimi institucijami, vključno s Kranjsko hranilnico, ter za uveljavitev slovenskih nacionalnih interesov. Neuspešni poskus prevzema nadzora nad hranilnico na začetku osemdesetih let je privedel do ustanovitve konkurenčnega finančnega zavoda v Ljubljani, Mestne hranilnice ljubljanske.

Na prehodu iz 19. v 20. stoletje se je Kranjska hranilnica znašla sredi težavne politične in nacionalne dinamike, ki se je pojavila zaradi procesa diferenciacij nacionalnih gibanj v avstro-ogrski monarhiji. Ko sta si slovenska in nemška etnična skupina prizadevali opredeliti svojo nacionalno identiteto, se je hranilnica zapletla v konflikte, ki sta jih zaznamovala vse večja polarizacija in rivalstvo, kar ponazarja zapleten odnos med finančnimi institucijami in razvijajočo nacionalno dinamiko v regiji.

Knjiga obravnava družbeni in politični vpliv dejavnosti hranilnice v kontekstu etničnih napetosti med Slovenci in Nemci na Kranjskem. Pomembni dogodki, kot so bili *septembrski protinemški nemiri* v Ljubljani, so poudarili krhkost medetničnih odnosov. Leta 1908 se je zaradi posledic navala in bojkota politika filantropskih dejavnosti spremenila. Kranjska hranilnica se je začela kot projekt ljudi, ki so čutili potrebo, da se nekako vrnejo v družbo. Za svoje človekoljubno delo so

imeli različne motive, tako ekonomske kot altruistične. Zaradi pritiskov je hranilnica dajala denarne donacije le tistim, ki so ji bili zvesti. Kriza leta 1908 je bila v kranjski pokrajini lokalni pojav, ki se je začel z novico o insolventnosti Kranjske hranilnice. Navali in pospešena dviganja prihrankov so bili značilna lastnost številnih kriz in so imeli pomembno vlogo pri delovanju finančnih institucij. V negotovih časih so ljudje običajno dvigovali svoje prihranke. Hranilnice so zaradi strogih pravil in predpisov lahko zavračale izplačila višjih zneskov, brez predhodne najave, vendar si je Kranjska hranilnica vedno prizadevala biti dosledna in je izpolnjevala vse zahteve svojih vlagateljev. S tem se je trudila za ohranitev poslovanja, ugleda ter vloženega denarja.

Septembrski dogodki in poznejši bojkot, kar je vplivalo na poslovanje Kranjske hranilnice, so pomenili prelomnico v letu 1908. Čeprav je vodstvo te finančne ustanove skušalo biti dostopnejše slovenskemu delu prebivalstva z izdajanjem gradiva v slovenščini, je bila ustanova zaprta na več ravneh. Na večini poslovnih področij je hranilnici uspelo ohraniti vodilni položaj na Kranjskem, zlasti kar zadeva naložbe v državne vrednostne papirje in visoko raven rezervnega sklada. Mestna hranilnica Ljubljanska pa se je denarju vlagateljev približala, ko je občina odprla svojo zastavljalnico. Za zadnje razvojno obdobje so bili značilni številni izzivi. Začelo se je leta 1908, ko so dosegli vrh spori med slovensko in nemško etnično skupnostjo. Slovenski politiki so spodbujali množične dvige vlog in s širjenjem neresničnih govoric o poslovnih nepravilnostih in plačilni nesposobnosti poskušali spodkopati zaupanje v verodostojnost hranilnice, ki je bila osrednja finančna ustanova na Kranjskem in bistven dejavnik gospodarskega razvoja. Kljub škodi, ki sta jo povzročila bojkot in umik sredstev, si je ustanova hitro opomogla. Kmalu zatem so se razmere ponovno zaostriale, najprej zaradi balkanskih vojn in nato z izbruhom prve svetovne vojne leta 1914.

Širši politični dogodki, vključno z balkanskimi vojnami in izbruhom prve svetovne vojne, so poslabšali gospodarske

razmere in povečali odliv vlog. V tem turbulentnem obdobju je Kranjska hranilnica prilagodila svoje naložbene strategije in prešla z manj likvidnih hipotekarnih posojil na varnejše državne obveznice, da bi se učinkoviteje soočila z izzivi. Po koncu prve svetovne vojne in ustanovitvi Kraljevine Srbov, Hrvatov in Slovencev se je Kranjska hranilnica spremenila, vendar je ohranila številne dejavnosti iz obdobja Avstro-Ogrske. Prilagodila se je novemu družbeno-gospodarskemu in političnemu okolju. Osredotočila se je na zbiranje javnih sredstev in njihovo prerazporejanje na finančnem trgu, pri čemer je upoštevala načela javne koristnosti. Upravljanje hranilnice se je temeljito spremenilo, ko so po razpustitvi Združenja hranilnic vodenje prevzeli slovenski predstavniki, kar je pomenilo prehod od dotedanjega upravljanja, v katerem so prevladovali Nemci. Hranilnica je postala sestavni del finančnega prostora nove države in si je prizadevala za krepitev lokalne udeležbe.

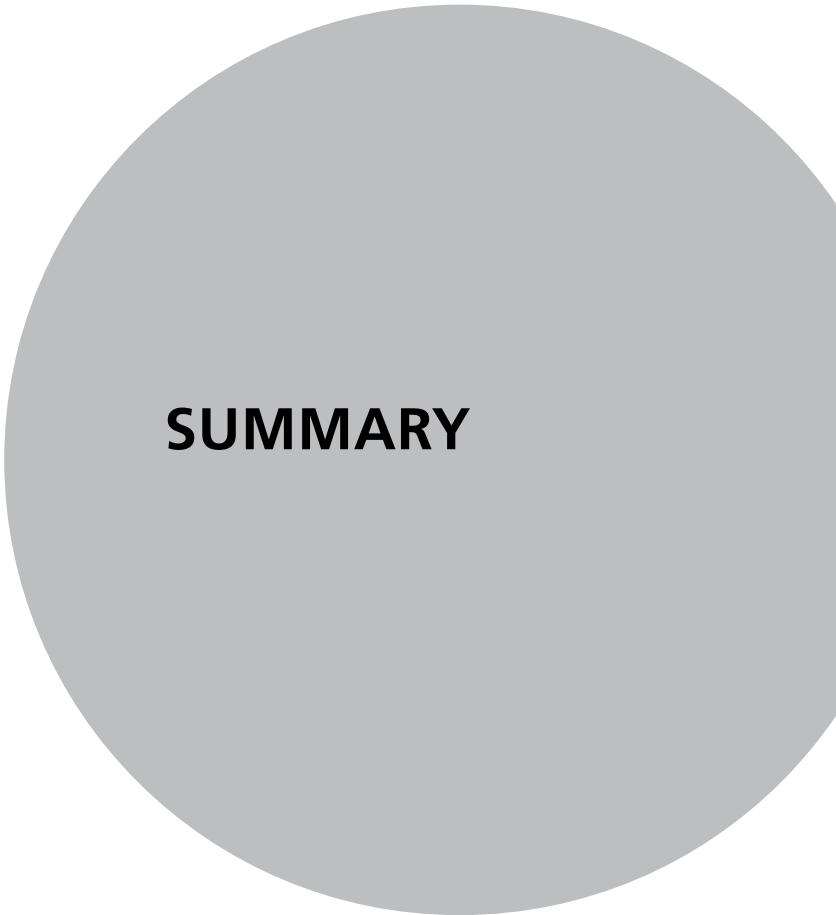
Po razpadu avstro-ogrske monarhije leta 1918 je bila Kranjska hranilnica vključena v novoustanovljeno Kraljevino Srbov, Hrvatov in Slovencev, pri čemer je ohranila svoje temeljno poslanstvo, hkrati pa se je prilagodila spreminjajočemu se družbenopolitičnemu okolju. Poročilo opisuje težave banke med prvo svetovno vojno in po njej, vključno z gospodarsko nestabilnostjo in konkurenco novoustanovljenih slovenskih finančnih institucij.

Kljub nenehnim gospodarskim težavam v zgodnjih povojnih letih je hranilnica nadaljevala poslovanje ne glede na politične nemire in ukrepe nacionalne vlade, ki so vznemirili vlagatelje, zaskrbljene zaradi varnosti svojih sredstev. Konec dvajsetih let 20. stoletja so gospodarski pritiski in politični vplivi povzročili pomembne spremembe, ki so hranilnico preoblikovale v javno finančno ustanovo v pristojnosti deželne vlade in poudarile potrebo po prilagajanju spreminjajočim se nacionalnim čustvom in gospodarski stvarnosti.

Zgodovina Kranjske hranilnice prikazuje raznolikost izzivov, s katerimi se je soočala med drugo svetovno vojno, ko

je nadaljevala poslovanje v novi državni strukturi. Posledica teh prilagoditev je bil omejen priliv novih vlog, zaradi česar se je osredotočila na osnovne dejavnosti posojanja. Posledice odločitev za investicije med prvo svetovno vojno in po njej so še dodatno izpostavile ranljivost finančnega portfelja.

Kranjska hranilnica je poleg svoje osrednje vloge v finančnem posredništvu zrcalila še nacionalno identiteto, prav tako pa tudi konflikte, ki so nastajali zaradi tega. Njena zgodovina kaže odzivnost finančne institucije na potrebe spreminjajočih se političnih in ekonomskih razmer. V svojem razvoju se je z vključevanjem v skupnost in nudenjem podpore izkazala za družbeno zelo pomembno institucijo.



SUMMARY

CARNIOLAN SAVINGS BANK: SHAPING FINANCIAL LANDSCAPE IN SLOVENIAN TERRITORY

The book examines the historical significance and development of financial intermediation on Slovenian territory, with a focus on the Carniolan Savings Bank in Ljubljana, which was established in the early 19th century. Savings banks were financial institutions that emerged in the early 19th century. Their primary purpose was to collect money or savings deposits from the lower but captive classes of the population. These institutions were founded to encourage savings among the less affluent, promote thrift and financial inclusion, and ultimately contribute to local and regional economic growth. The study outlines the context in which savings banks emerged. It emphasises their role in capital formation and economic development when the financial needs of the lower classes were largely unmet. Motivated by a combination of Enlightenment principles and monetary incentives, the founders of the Carniolan Savings Bank created a financial institution to encourage the population of Carniola Province to save and invest.

The Carniolan Savings Bank was a product of its historical context, reflecting the general economic changes, social dynamics, and evolving national differentiation in Ljubljana, the Carniola Province, and the Habsburg Monarchy. The research makes a significant contribution to the historiography of savings banks, as they are recognised as essential actors in the socio-economic landscape within the broader scope of Central Europe. The book

presents a comprehensive examination of the impact of savings banks on local communities and financial systems, advocating for a nuanced understanding of the interplay between finance and society from an interdisciplinary perspective. Initially, the Carniolan Savings Bank concentrated on accepting deposits and granting mortgage loans, thus establishing itself as the central financial institution in the Carniola Province. Over time, it evolved from a non-profit institution to a savings bank serving all sections of the population.

The foundation and development of the Carniolan Savings Bank can be traced back to the efforts of prominent citizens and entrepreneurs of Ljubljana, the capital of the Carniola Province at the time. Under the leadership of Mayor Janez Nepomuk Hradeczky and successful merchants, the founders aimed to establish a financial institution that provided a secure place for savings and primarily served the lower classes. The provisional framework began with provisional statutes, which were later transformed into regulations approved by the state authorities. Initially, the savings bank was a non-profit organisation focused on small amounts and investments in mortgage loans and government securities. Still, it adapted to the evolving economic landscape over time and expanded its lending to support local projects and communities. The state government established a legal framework for savings banks and emphasised their importance to social welfare, with state officials overseeing compliance and the financial stability of these institutions.

The historical background of the Carniolan Savings Bank is assessed in the context of the banking system of the Habsburg Monarchy, which is important for studying and understanding financial intermediation and the development of banking institutions and financial networks. The book details how savings banks acted as financial intermediaries, assessing creditworthiness and mobilising savings for productive investments and promoting economic growth. It is essential to outline the primary dimensions of economic growth and to identify key turning

points that have shaped both the long-term growth of the region and the working conditions of the Carniolan Savings Bank. The economic and social structure of the Slovenian lands in the second half of the 19th century was influenced and determined by the final abolition of serfdom and the beginning of greater industrialisation. The abolition of serfdom between 1853 and 1859, the indebtedness and fragmentation of the already small estates, the low profitability of land, the agrarian crisis in the 1870s, and intense competition from foreign products all aggravated the plight of the peasants.

The banking system developed relatively late on Slovenian territory. The lack of a well-organised banking network and financial accumulation was a reason for the slower and later economic development. The Province of Carniola got its first financial institution relatively early during the wave that swept most European countries. Nevertheless, the network of various banking institutions developed only in the second half of the 19th century, with a delay of over 60 years. Savings banks developed first, followed by loan banks, and then joint-stock banks emerged. Financial intermediation services began to be used by a broad spectrum of the population at the turn of the 20th century. The Carniolan Savings Bank played a significant role in the financial and social development of the territory, as it was the only similar institution for an extended period. Consequently, it had a pioneering role in laying the foundations that enabled the development of the financial system.

As the savings bank grew, its administration changed from a volunteer-based structure to a professional organisation with paid staff. The membership base expanded to include merchants, lawyers and influential figures, with a small group of active members driving most initiatives. In contrast, others participated mostly in yearly meetings.

The evolution of the balance sheet illustrates the shifts in liabilities and equity over time. It demonstrates its adaptability to socio-economic conditions through various deposits and

investment options developed in the 19th century. New categories, such as building society accounts for younger people and grants for senior citizens, aimed to provide financial security to disadvantaged groups. While the number of accounts grew into the 20th century, economic fluctuations led to withdrawal periods, particularly during crises such as the collapse of the Vienna Stock Exchange in 1873, the boycott in 1908 and 1909, and the tensions of World War I. The landing strategies initially favoured local craftsmen and merchants, focusing on smaller amounts for the underserved sections of the population. However, as landing practices evolved, the savings bank increasingly targeted also wealthier customers and moved away from its original mission. Establishing the Credit Association enabled increased support for local economic activities and strengthened the Savings Bank's role in the community. Throughout these changes, the Carniolan Savings Bank maintained depositor confidence during the financial turmoil and played a crucial role in enhancing access to financial services in the region, thereby shaping the financial landscape of Carniola Province.

The social influence and responsibility of the Carniolan Savings Bank in the 19th century were significant. Philanthropic and charitable activities were of fundamental importance to the Savings Bank, underscoring its commitment to social welfare and the needs of the impoverished. The founders sought to improve living conditions by promoting savings, financial inclusion, and community engagement. Carniolan Savings Bank supported those previously excluded from financial transactions by filling critical gaps in the local economic system. It supported various charitable initiatives through prudent surplus management, which funded education, healthcare, and social services for vulnerable populations. The target groups included factory workers, craftsmen, and low-income households who benefited from savings programs and loans. Through educational outreaches, these groups were encouraged to develop financial awareness and responsibility, underscoring the social

responsibility of the Savings Bank as a facilitator of community challenges. Partnerships with local charities and public social policy support were a broader commitment to enriching the social fabric. In addition, establishing tailored funds and services, such as pawnshops and affordable housing initiatives, reflects the commitment to improving conditions for people in lower socio-economic strata.

The Carniolan Savings Bank evolved into a focal point of national differentiation, reflecting the general social tension in the region. In the last quarter of the 19th century, increasing national and political polarisation enabled Slovenian politicians to gain ground in local elections, which led to a backlash from German politicians. As Slovenian identity strengthened, efforts were made to gain control of regional institutions, including the savings banks, and to assert Slovenian national interests against perceived German dominance in the past.

In the late 19th and early 20th centuries, the Carniolan Savings Bank was caught up in complex political and national dynamics amid the emerging national movements in Slovenian territory. As the Slovenian and German ethnic groups sought to define their national identities, the Savings Bank became embroiled in conflicts marked by increasing polarisation and rivalry, illustrating the complicated relationship between financial institutions and evolving national sentiments in the region. The book examines the social and political impact of the Savings Bank's activities in the context of ethnic tensions between Slovenians and Germans in the Province. Significant incidents such as the anti-German riots in September in Ljubljana underscored the fragility of interethnic relations.

In 1908, the policy of philanthropic activities changed due to the consequences of the *run* and the boycott. Carniolan Savings Bank originated as a project conceived by individuals who felt a need to give back to society. They had various motives for their philanthropic work, including both economic and altruistic. Under pressure, the savings bank only made monetary

donations to those loyal to it. The crisis of 1908 was a local phenomenon in the Province of Carniola, which began with the news of the Carniolan Savings Bank's insolvency. *Bank runs* were a typical feature of financial crises and played a significant role in the history of money. In uncertain times, people usually withdraw their savings. A savings bank could refuse to pay out higher amounts due to its rules and regulations; however, the Carniolan Savings Bank always endeavoured to be consistent and meet all the demands of its depositors. It wanted to guarantee the security of its business and the money it had invested.

The events of September and the subsequent boycott, which affected Carniolan Savings Bank operations, marked a turning point in 1908. Although the management of this financial institution tried to be more accessible to the Slovene part of the population by issuing materials in Slovene, the institution was closed on several levels. In most business areas, however, the savings bank was able to maintain its leading position in Carniola, particularly in investments in government securities and the high level of its reserve fund. However, the City Savings Bank Ljubljana came closer to depositors' money when the municipality opened its pawnshop. Many challenges characterised the last period of development. It began in 1908, when conflicts between the Slovenian and German ethnic groups reached a peak. Slovenian politicians encouraged the mass withdrawal of deposits and attempted to undermine the credibility of the Carniolan savings bank by spreading false rumours about business irregularities and insolvency. The savings bank was the central financial institution in the province of Carniola and a crucial factor in the province's economic development. It, therefore, had significant control over its activities. Despite the damage caused by the boycott and the withdrawal of funds, the institution recovered quickly. Soon afterwards, the situation deteriorated again, first due to the Balkan wars and then with the outbreak of World War I in 1914.

Wider political events, including the Balkan wars and the outbreak of World War I, exacerbated economic conditions and

increased the outflow of deposits. During this turbulent period, the Carniolan Savings Bank adjusted its investment strategies, switching from less liquid mortgage loans to safer government bonds to meet the challenges. Following the end of World War I and the establishment of the Kingdom of Serbs, Croats, and Slovenes, the Carniolan Savings Bank changed but retained many of its activities from the Austro-Hungarian period. It adapted to the new socio-economic and political environment. It concentrated on collecting public funds and redistributing them on the financial market while adhering to the principles of public utility. The management of the savings bank underwent a fundamental change when Slovenian representatives took over after the dissolution of the Savings Bank Association, marking the transition from the previously German-dominated management. The savings bank became an integral part of the new state's financial landscape and endeavoured to strengthen local involvement.

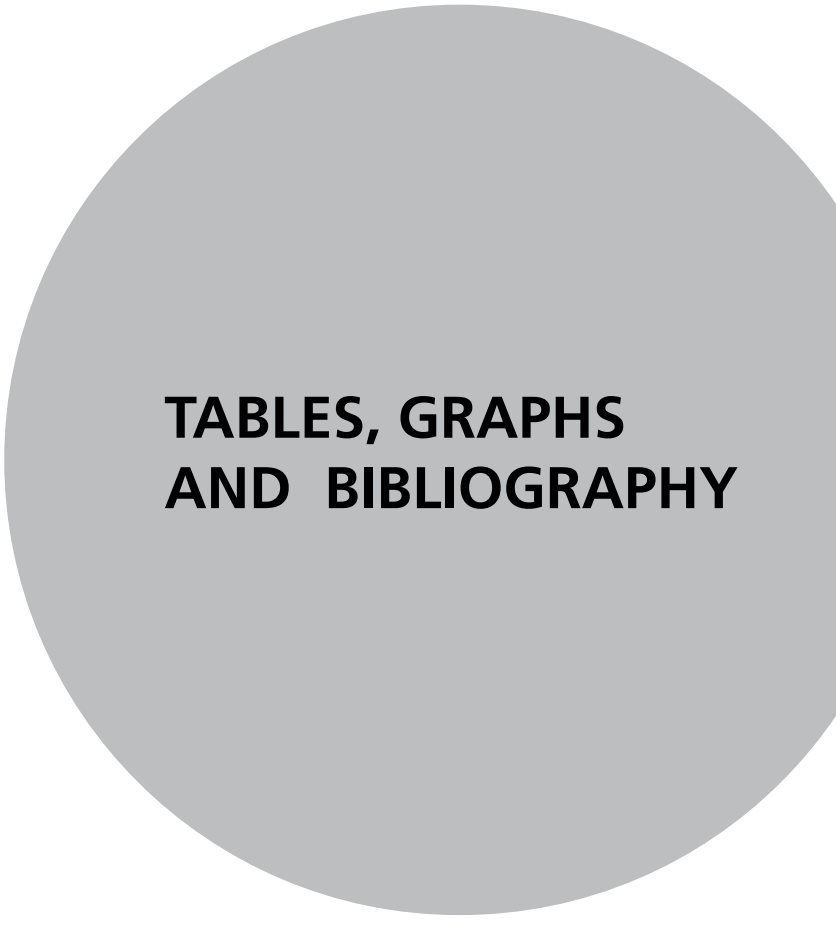
After the collapse of the Austro-Hungarian monarchy in 1918, the Carniolan Savings Bank was incorporated into the newly established Kingdom of Serbs, Croats and Slovenes, retaining its core mission while adapting to the changing socio-political landscape. The report describes the bank's difficulties during and after World War I, including economic instability and competition from newly established Slovenian financial institutions. The book also examines the bank's philanthropic efforts and social initiatives, which aim to improve the living conditions of workers and support the sick and the poor, revealing the complexities of integrating philanthropic motives into a financial institution struggling to maintain profitability amid rising nationalism and evolving economic standards.

Despite the ongoing economic problems in the early post-war years, the savings bank continued with operations regardless of political unrest and the measures taken by the National Government, which unsettled depositors concerned about the security of their funds. In the late 1920s, economic pressures

and political influences led to significant changes, transforming the savings bank into a public financial institution under the provincial government's jurisdiction and highlighting the need to adapt to shifting national sentiments and economic realities.

The history of the Carniolan Savings Bank illustrates the immense challenges it faced during World War II as operations continued within a new state structure. These adjustments led to a limited inflow of new deposits, thereby shifting the focus to core lending activities. The lingering effects of previous mismanagement and investments further emphasised the uncertainties in the turbulent political landscape.

In addition to its central role in financial intermediation, the Carniolan Savings Bank also reflects both national identity and the resulting conflicts. It also shows the responsiveness of a financial institution to the requirements of changing political and economic conditions. Throughout its development, it has proven to be a socially important institution through its commitment and support for the community.



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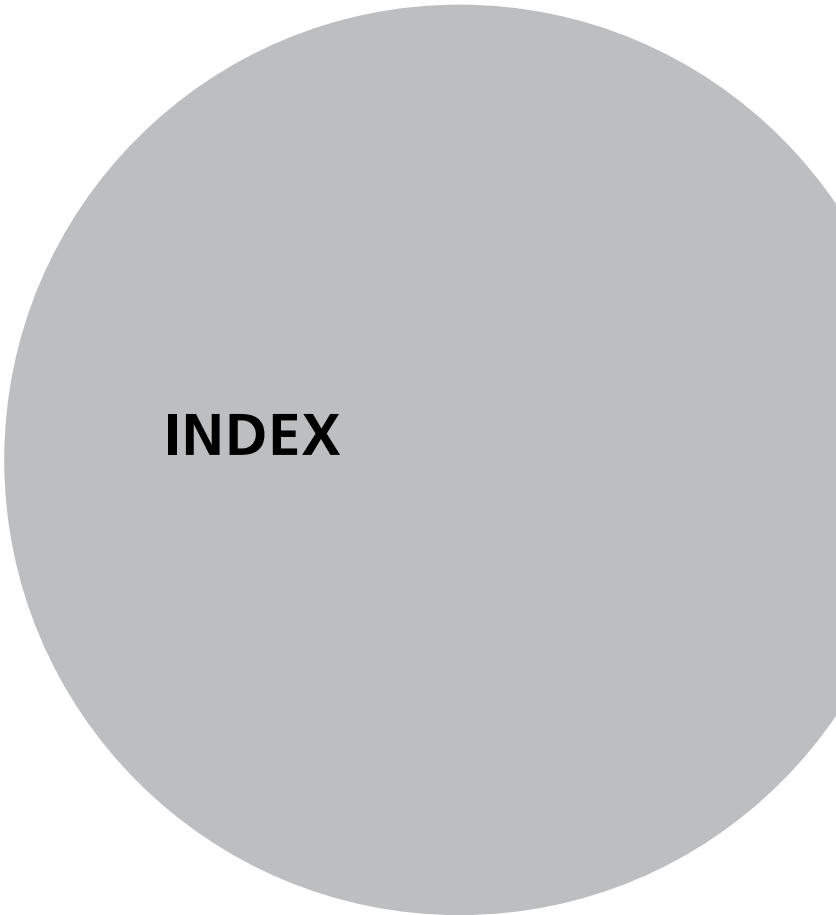
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O AVTORICI

Dr Nataša Henig Mišič joined the Institute of Contemporary History as a junior researcher in 2016. In 2021, she successfully defended her doctoral thesis, *Carniolan Savings Bank and Economic Development of Carniola* (Graduate School, University of Nova Gorica, supervisor Dr Žarko Lazarević). Since 2023, she has been leading a postdoctoral project entitled *Financial Networks in the Shadow of economic nationalism: A Comparative Study of the Territories of Slovenia and Vojvodina from 1867 to 1929*. Nataša researches the economic and social history of the second half of the 19th and the first half of the 20th century. Additionally, she addresses questions about environmental history and the history of human agency.

After the introductory chapters, in which the author presents references and descriptions of the Carniola Savings Bank's operations throughout its history, as well as the historical development of the banking and financial systems within the broader European and Habsburg contexts, the main features of economic growth in the Habsburg Monarchy and Carniola during the 19th century, and the history of savings bank founding, the author outlines the Carniola Savings Bank's development and operations in detail, addressing various issues. The Carniola Savings Bank, the only and most powerful banking institution in the territory of today's Slovenia until the fall of the monarchy in the 1860s, has finally received a proper monographic presentation and a place in Slovenian historiography with the monograph by Dr. Nataša Henig Miščič.

Peter Vodopivec

As is well known, the Carniola Savings Bank was the first financial institution in Slovenia. It was a novelty not only in Slovenia, but also in Austria. The author discusses the period from its establishment in 1820 until the collapse of the Austro-Hungarian Monarchy in 1918. The added value of the monograph lies in its analysis of the inter-war period and the issues faced by the Savings Bank during that time. This original work of scholarship is a significant contribution to the history of Slovenian economics.

Aleksander Lorenčič



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