

CONSIDERATIONS REGARDING THE EVOLUTION OF BANKING AND LOAN SYSTEM FROM CRAIOVA DURING 1880-1948

GHIONEA Georgeta

Abstract. *The foundation of the Branch of Romanian National Bank from Craiova in 1881 and the financing strategy adopted in the first years of activity stimulated the process of constituting the new credit institutions. Until the beginning of the First World War there were set up 16 loan institutions in Craiova, local credit societies or branches of some banks with the establishment in Bucharest. The commercial banks practiced the entire operations specific for a bank, promoted a cautious financial policy, correlated with a behavior that took care of the clients' interests. Developing their activity in a preponderant rural environment, the societies oriented themselves mostly to the agrarian economy, paying most of the attention to the agriculture. At the end of the First World War, the number of banks from Craiova raised. Founded by the important dealers, the new credit institutions hadn't proved to be as serious as those founded before 1914 and had been mostly interested in the financial speculations. Affected by the economic crisis and being in the impossibility of remaking their credit, according to the law from 1935, the banks from Craiova entered, after 1940, into liquidity.*

Keywords: *Craiova, commercial bank, credit, economy.*

Situated into the middle of the economical and financial life of the state, the banking institution as an enterprise and economical organization had to adapt its existence according with the surroundings where was supposed to develop its activity. The setting up of the bank of issue during 17th – 19th centuries represented the beginning of a developing process of monetary operations and stimulated the organization of the private institutions of banking credit. Known as the Bank of issue or the Central Bank, Romanian National Bank was the result of an entirely historical and economical evolution. The foundation of our central establishment, in 1880 represented an epochal date in the history of the credit and home currency. Taking the advantage of a complex structure and qualified stuff, the institution succeeded to adopt and apply at the monetary-banking level optimal solutions in the hardest moments of wars, political changes and economical crisis, contributing at the creation and the development of the trade bank from Romania.

The economic-financial function that Craiova accomplished in the 19th century determined the orientation of a large quantity of capital towards the banking system. The development of the loan system from the city relied on the first institution set up in this region by the Romanian National Bank. The first loan institution from Oltenia, the Branch of Romanian National Bank from Craiova was founded according with the stipulations of the law of setting up of our central Institute at 1st of March 1881. In the first years of activity to avoid the venture of the branch in risky operations, the institution was subdued to the control of central Bank. The bank allowed loans on short terms (maximum four months) with an interest that oscillated between 4-6%. The first office workers appointed at Craiova branch of Romania National Bank were: Elefterie Corneti, chief of the branch; Chr. Stefanescu main office worker; P. Giorosan, inspector; N. Marian, book-keeper; P. Oprescu administrator¹. The foundation of the branch and the financing policy they adopted right from the beginning gave an impulse of the developing system of new loan institutions. Until the beginning of the First World War were set up 16 loan institutions in Craiova, local credit societies or branches of some banks with the establishment in Bucharest.

At 16 years since the foundation of the branch of Romanian National Bank was founded *The Bank of Commerce*. The Bank was founded in December 1897 as a society of loan and economy, at C. Neamtu's initiative. At the foundation the capital of 200.000 was subscribed by 134 tradesmen, owners and dealers from county². In the year 1899 the general gathering decided the transformation of the institution in anonymous society, the capital being increased at 1 million lei. The financial means since 1914 situated it between the first 9 institutions from our big finance. The society had a spectacular evolution observed from the evolution of their own means and lying down towards fructification which passed over around the First World War the value of 10 million lei. Until the First World War the society gave beans on a period of minimum 2 years and maximum 20 years with an increase that varied between 9-11%. After 1900 attended at the foundation of same commercial, industrial and financial institutions (Calafat Bank, Dragasani Bank, Tg. Jiu Bank, S.R.D. Society, Oltenia Cloth Factory, Mercur S.A. Craiova) and supported 7 agencies in localities: Caracal, Bechet, Dragasani, Turnu Severin, Tg. Jiu, Corabia and Bals³.

At the end of the 19th century and the beginning of the 20th, in Craiova were set up 16 loan institutions (9 local institution⁴ and 7 branches⁵ with the headquarters in Bucharest). According to their ethnical structure, these banks were

¹ C. I. Băicoianu, *Istoria politiceii noastre monetare și a Băncii Naționale 1880-1914*, vol. II, part. I, București, 1932, p. 154.

² Direcția Județeană a Arhivelor Naționale Dolj (The County Administration of the National Archives from Dolj), fund The Jean Mihail Foundation, file 423/1899-1926, f. 1 (we shall refer further as: D.J.A.N).

³ Ghionea Georgeta, *Istoria băncilor populare din Oltenia (1880-1948)*, Craiova, Publishing House Aius, 2009, p. 93-95.

⁴ Banca Craiovei (Craiova Bank), Banca „Muncel”, Banca Comerțului (The Commerce Bank), Banca populară „Banul Mărăcine”, Banca Olteniei (Oltenia Bank), Societatea cooperativă „Lumina”(Cooperative Society Light), Banca Creditul Oltean (Olt Loan Bank), Banca populară „Sănătatea” (Popular Bank Health), Banca populară „Unirea” (Popular Bank Union).

divided in: 14 banks and Romanian branches; 1 Romanian-German (Craiova Branch of General Romanian Bank); 1 branch of diverse nationalities (Craiova Branch of the Trade Bank). Between the local institutions, The Bank of Commerce was as professor Victor Slavescu called it *our big finance*, two from *our middle finance* (Olt Loan Bank, Oltenia Bank) and six were small banks.

Founded according to the stipulations of the commercial code, small and middle banks from Craiova were anonymous societies founded by owners, tradesmen, priests, teachers, wealthy peasants. They practiced all the specified banking operations, they promoted a good financial politics, correlated with a behaviour that handled the interests of the clients. Having their activity in an almost rural society, they have orientated mostly towards the agrarian economy giving most of the credits to agriculture. As administration body these banks were led by councils of administration, compounded by size from 4-12 people, chosen by the general gathering among the share holders. Thanks to their specialty knowledge, through their honesty and fortune, the administrators offered the surest guarantees of an honest leading business. If we follow the social structure of the share holders and from those who had the power of decision as part of Craiova Banks we notice a meaningful presence of the owners and tradesmen, followed by lawyers, doctors, priests, merchants, middle owners, and wealthy peasants. Thus at Olt Loan Bank from Craiova, from their initial social capital of, 500.000 lei, 90% was subscribed by Mihail Vasilescu to obtain an important place in the administration council of the bank⁶.

In the terms of bursting out of the First World War lots of Banks from Craiova interrupted their activity, the needs for credit being satisfied by the National Bank, Craiova Branch. During 1914 - 1916 the majority of small and middle banks, concerned by the relationship between them and the debtors, they appealed at the compelling the clients to pay and they raised the interests to a higher level, thing that didn't corresponded with the economical and social role of which these banks were created. The First World War had seriously affected the activity of some financial institutions from Craiova. Thus to deal with the requests in 1919, the administration council of Olt Loan Bank decided to fusion with Peasant Loan branch from Craiova. The procedure was finalized on 24th October 1927. Through the fusion, the Olt Loan Bank took over the active and the passive of the Peasant Loan, institution with the establishment in I. C. Bratianu Street, no. 8⁷.

Regarding the accomplishment of the economical objectives, both the big finance and the small and middle from Craiova, have brought after 1918 important changes in their capital politics. Thus in 1920, in the 23rd year of functioning, *The Bank of Commerce* from Craiova, had a capital of 30 million lei, only after few months later, in March 1921, the council decided the increasing at 60 million lei. With this capital, the bank have functioned until the year 1928, when the general gathering decided the increasing at 100 million lei⁸. In 1920, the capital of Oltenia Bank was increased at 1 million lei, and in 6 of October 1923, the general gathering decided the increasing at 2 million lei⁹. At the end of the year 1924, Oltenia Bank was registered with a social capital of 12 million¹⁰. A special attention was given to the social capital also by the Craiova Bank. Thus, in the year 1919, the institution presented a capital of 500.000, increased in 1920 at 1.490.000. In the following years the capital of the bank increased successively: in 1921 at 633.000, in 1922 at 1.643.200, and in 1924 at 2.000.000lei¹¹. At the balance sheet closed during the year 1926, Craiova Bank presented a capital of 10 million lei. Olt Loan Bank increased the capital from 2 million to 5 million lei¹².

In the first postwar decade, the banks from Craiova participated with credit at different commercial, industrial and financial societies, they extended their territorial networks through the foundation of branches and agencies, they involved in charity works, they have given a special attention to the buildings where the loan institutions developed their activity. At the end of the First World War, the period of economical rising had to be sustained and supplied by the loan organizations. The biggest part of the loan institutions have orientated towards industry and trade, without neglecting the agricultural domain, that leaded to the subtract of the discount portfolios, in the favour of the current accounts. In this category were included all the financial transactions between the banks and economical producers.

The granted loans were: in current account, with commercial pledge as: cereals, goods, instruments and machines, that usually were given to farmers, tradesmen, to industrials and loans with mortgage guaranties granted as current accounts, covered with mortgage over urban and rural buildings. The Bank of Commerce agencies, from Oltenia granted especially agricultural loans. These were on short and medium terms, with an interest that varied between 7-12% per year and a commission of 1% or ½% from the value of the credit¹³. The loans were granted generally for

⁵ Banca de Scont Sucursala Craiova (Discount Bank Branch Craiova), Banca Comercială Sucursala Craiova (Commercial Bank branch Craiova), Banca Agricolă Sucursala Craiova (Agricultural Bank branch Craiova), Banca României Sucursala Craiova (Romanian Bank branch Craiova), Banca Generală Română Sucursala Craiova (Craiova Branch of General Romanian Bank), Banca populară „Sf. Gheorghe” Sucursala Craiova (Popular St George Bank branch Craiova), Banca Săteanului Sucursala Craiova.

⁶ D.J.A.N. Dolj, fund Camera de Comerț și de Industrie Craiova (The Chamber of Commerce and Industry), file 339/1931, f. 6.

⁷ Idem, fund The Jean Mihail Foundation, file 430/1905-1927, f. 41.

⁸ C. Neamțu, *Banca Comerțului din Craiova*, Craiova, 1939, p. 12.

⁹ D.J.A.N. Dolj, fund Banca Olteniei (Oltenia Bank), file 8/1921-1930, f. 38.

¹⁰ „Monitorul Oficial” (Official Gazette), no. 78 from 2th april 1924, p. 3824.

¹¹ „Monitorul Oficial” (Official Gazette), no. 81 from 12th april 1924, p. 4175.

¹² D.J.A.N. Dolj, fund The Jean Mihail Foundation, file 430/1905-1927, f. 40.

¹³ Idem, fund The Bank of Commerce, file 9/1920, f. 3.

peasants, the grants being represented by their agricultural fields, houses, cows, forests¹⁴. Oltenia Bank¹⁵ has also given similar loans.

In the first postwar decade we assist to a rapid process of increasing of financial institutions. Not everyone represented a financial value, dominating the small and middle banks. The appearance of a large number of banks in Craiova was due to the economic, upsurge and partly to the wishes of learning the groups of owners from management. The institutions set up in the first postwar decade were created especially from the desire of the founders to learn and at the first signs of crises they entered into bankruptcy. Comparing with the banks set up before the First World War and those founded after 1918, the average of the share holders was low, the institutions developed only some financial operations and they persuaded the speculations. At the end of the year 1930, in Craiova were functioning 15 anonymous societies¹⁶, 5 branches with the headquarters in Bucharest¹⁷, 3 popular banks¹⁸.

Under pressure of the economical crisis (1929-1933/1934) in the banking field was necessary to take measures designed to improve the conflicts between creditors and debtors. To these purposes were served the measures to conversion of agricultural debts adopted during 1932-1934. Therefore at the beginning of 1934 was adopted the bill of organizing and settling of the trade bank, which demanded precised limits for the activity from the banking field. The number of small and middle banks was getting low but was consolidated the role of the big finance of National Bank and of the new founded Superior Banking Council. Affected by the economical crisis and being not able to reshape the credit according with the law in 1935, a large number of banks from Craiova entered into bankruptcy (Aser Eschenasy Brothers Bank, Orient Bank, Dolj Bank, Semanatorul Bank).

Having the profile preponderantly agricultural, the banks from Craiova felt the effects of the economic crisis. Difficult moments experienced *The Bank of Commerce* too, of which agencies registered important losses. The society had to deal with the liquidation of The Bank of Vânju from Mehedinți County and of The Bank of Jiu¹⁹, at which it was the main stockholder. In the same time The Factory of Tiled Stoves from Cernele, the property of the Bank, ceased its activity, the building being hired, starting from 1935, with 36.000 lei a year²⁰. The economic crisis also affected the activity in The Cloth Factory "Munca", another property of the Bank, this building being as well hired, with 300.000 lei a year²¹. In 1932, the administration board of The Bank of Commerce faced a difficult decision: that of giving away the shares from the society Steaua Română. Until September 27th 1935, The Romanian Bank and The Romanian Credit Bank from Bucharest took the possession of the shares.

Important losses have also suffered „Popp Brothers” Bank. If at the beginning of the economic crisis, it had a social capital of 9.280.000lei²², on the fund of the withdraw of the deposits, until the end of the year 1931, this halved. In impossibility of retrieving the credits from the debtors but compelled to face the withdraws of the deposits, Popp Brothers Bank, solicited many loans from Romanian National Bank Craiova Branch, granting with the building of the bank²³. As a result of administration council decision from 23rd June 1939, Popp Brothers Bank fusioned until the end of the year with Craiova Bank²⁴. After the fusion the bank kept their name. On 22nd November 1941, Popp Brothers Bank entered into liquidation, liquidator being Eftimie Panoiu²⁵.

In the year 1929 Aser Eschenasy Brothers Bank had at their current account farmers from Cetate, Brabova, Segarcea and Calafat²⁶, those to whom they granted loans on short and medium terms with an interest of 12% and a commission of 1%²⁷. Being into the impossibility to remake the capital, according to the law from 1935, the Superior Banking Council decided on 10th November 1937 the liquidation of the society, Romanian Bank being the liquidator. The decision was published in the Banking Official Gazette no. 5 from 22nd of January 1938²⁸.

¹⁴ *Ibidem*, file 22/1915, f. 1.

¹⁵ Idem, fund Banca Olteniei (Oltenia Bank), file 13/1934-1948, f. 94.

¹⁶ Banca Comerțului (The Commerce Bank), Banca Frații Popp (Popp Brothers Bank), Banca Olteniei (Oltenia Bank), Banca Craiovei (Craiova Bank), Banca Frații Așer Eschenasy (Aser Eschenasy Brothers Bank), Banca Creditul Oltean (Olt Loan Bank), Banca Agricolă și Comercială, Banca Viitorului (The Future Bank), Banca Dacia (Dacia Bank), Banca Semănătorul (Semanatorul Bank), Banca Bursei, Banca Orient (Orient Bank), Banca Doljului (The Dolj Bank), Banca Renașterea, Banca Banatului (Banat Bank).

¹⁷ Banca de Scont Sucursala Craiova (Discount Bank branch Craiova), Banca Astra Sucursala Craiova (Astra Bank Craiova branch), Banca Agricolă Sucursala Craiova (Agricultural Bank branch Craiova), Banca Românească Sucursala Craiova, Banca Generală Română Sucursala Craiova (Craiova Branch of General Romanian Bank).

¹⁸ Banca populară „Banul Mărăcine” (Popular Bank „Banul Mărăcine”), Banca Creditul Doljean (Credit Doljean Bank), Banca populară „Învățătorul” (Popular Bank „Teacher”).

¹⁹ D.J.A.N. Dolj, fund Banca Națională a României Sucursala Craiova (The National Bank of Romania branch Craiova), file 41/1912, f. 30.

²⁰ Idem, fund The Bank of Commerce, file 1/1935, f. 8.

²¹ *Ibidem*, file 9/1925-1948, f. 3.

²² Idem, fund Banca „Frații Popp” (Popp Brothers Bank), file 160/1932, f. 40.

²³ *Ibidem*, f. 67v.

²⁴ *Ibidem*, file 295/1937, f. 6.

²⁵ *Ibidem*, file 237/1943, f. 3.

²⁶ Idem, fund Banca Frații Așer Eschenasy (Aser Eschenasy Brothers Bank), file 39/1932, f. 20.

²⁷ *Ibidem*, file 8/1908-1945, f. 8.

²⁸ *Ibidem*, file 55/1938, f. 1.

Sower Bank from Craiova was put into liquidation by the Superior Banking Council through the decision no. 727 from 28th October 1938, liquidator being the book-keeping teacher D. Marinescu. At the end of the year 1929, the capital of the Dolj Bank was of 10 million lei. The damages bore by the bank were important, proof being the balance sheet finalized during the year 1931, when the bank was registered with a capital of 194.000 lei. The administration council decided the liquidation of the society. In 1939 on 27th April entered into liquidation²⁹. On 28th October 1938, Astra Bank Craiova branch was sent into court by the Superior Banking Council because broke the disposal art. 21 from the law for organize and settle banking commerce³⁰. On 28th of May 1939 was put into liquidation.

On 9th August 1941, in the evidence of the Superior Banking Council were ten banks from Craiova³¹. At the end of the Second World War, the situation of the local Banks was: Stock Bank entered into bankruptcy, the society being erased until the end of the year 1945³²; the Future Bank was radiated in the year 1946, liquidator being Barbu Ionescu³³; Olt Credit Bank, entered into liquidation on 14th February 1946, in the year 1948, entered into liquidation Discount Bank from Craiova.

On December 31st 1945, *The Bank of Commerce* had a social capital of 100 million lei and a reserved fund of 30.115.232 lei³⁴. The bank had agencies at Corabia (with funds of 5.263.360 lei); Caracal (8.555.401 lei); Tg. Jiu (1.882.128 lei); Turnu Severin (9.547.101 lei); Drăgășani (3.598.272 lei); Balș (2.539.567 lei) and a branch at Bucharest (24.557.115 lei)³⁵. The society obtained important sums of money, on that date, from the shares owned at The National Bank of Romania, The Industrial National Credit, The Romanian Bank, The Society Govora - Călimănești, Petrol – Govora and Radiodifuziune. We have found the same data registered in the balance sheet from March 31st 1948, after this date the bank going into liquidation.

On 31st August 1945, Banat Bank had 115 share holders from Dolj, Olt, Mehedinți. Beside the banking operations, it mediated import operations, and textile sale. The bank held shares at Radiodifuziune, Romanian Discount Bank, Oltenia Bank, „Ramuri” S.A. Craiova, Moara Draghici S.A. Bals, Livezi Sugar Factory³⁶. In the year 1948, was proposed the fusion of Banat Bank with other banking societies from Oltenia. It was asked because after the monetary stabilization, the only admitted bank from Oltenia at discount was Romania National Bank.

At the end of the Second World War, the most important participations of Oltenia Bank were at: Small Society, Letea Society, Romanian Bank, Resita Society, Romanian Astra (oil), Commerce Bank, Mercur Society, Banat Bank³⁷. On 30th of May 1948, the bank entered into inactivity state, it wasn't anymore admitted to the current account at RNB, and it wasn't able to create their own funds³⁸. In the year 1948, the bank solicited to the Superior Banking Council to fusion with the Discount Bank from Craiova. The action of the bank wasn't admitted, and at the beginning of the year 1949 entered into liquidation.

Seen from the perspective of a long period of time, the history of an institution becomes relevant if its deeds had a weight in the life of the community that created it. As a consequence, the age must be followed by permanently taking upon itself the role of an agent that stimulates the progress, role that the banks played indeed. The results of the operations proved themselves profitable for the shareholders of the banks and demonstrated the stable support that the banks offered especially to the commercial businesses and generally to the national economy.

²⁹ *Ibidem*, f. 68.

³⁰ Idem, fund Camera de Comerț și de Industrie Craiova (The Chamber of Commerce and Industry Craiova), file 144/1931, f. 84.

³¹ Banca Comerțului (The Bank of Commerce), Banca Olteniei (Oltenia Bank), Banca Creditul Oltean (Olt Loan Credit), Banca Banatului (Banat Bank), Banca Dacia (Dacia Bank), Banca Doljului (The Dolj Bank), Banca Viitorului (The Future Bank), Banca Bursei, Banca de Scont Sucursala Craiova (The Discount Bank branch Craiova), Banca Salariaților Publici Sucursala Craiova.

³² D.J.A.N. Dolj, fund Camera de Comerț și de Industrie Craiova (The Chamber of Commerce and Industry Craiova), file 410/1931, f. 2.

³³ Monitorul Oficial, (Official Gazette), no. 243 from 10th February 1923, p. 11490-11491.

³⁴ D.J.A.N. Dolj, fund Banca Națională a României Sucursala Craiova (The National Bank of Romania branch Craiova), file 146/1945, f. 7.

³⁵ *Ibidem*, f. 1.

³⁶ Idem, fund Banca Banatului (Banat Bank), file 1/1944, f. 21.

³⁷ Idem, fund Banca Olteniei (Oltenia Bank), file 15/1935-1949, f. 41.

³⁸ *Ibidem*, f. 171.