

## THE VZÁJOMNÁ POMOCNICA OF NEMECKÁ ĽUPČA

After the Austro-Hungarian Ausgleich of 1867, finance flourished in the Kingdom of Hungary. This was connected with an economic boom, the development of industry and transport and an inflow of foreign capital. The Slovak bourgeoisie also registered this increase and realized that it was an opportunity to influence economic development and thus also political events in the state. Its limited possibilities are documented by the fact that among the 66 joint stock banks and savings banks founded in the period 1867 – 1872, only three were under its influence.

Slovak patriots agitated for the establishment of financial institutions, which would concentrate Slovak capital and have Slovak management. The network of institutions founded on the self-help principle expanded, continuing the tradition from the 1840s.

The Vzájomná pomocnica (Mutual Assistance), a people's banking institution with Slovak management, was established at Nemecká Ľupča on 2nd May 1869. The first administrator of the society was Daniel Kuszy, the deputy chairman Samuel st. Hendl, the secretary Julo Bohuš, the treasurer Jozef Krčsméry and the auditor Daniel Bodiczký. The mutual assistance societies in Liptovský Sv. Mikuláš and Veľká Revúca became the models for its activity. The members also included the local parish priest Martin Sztarek and the teacher Gustáv Kordoš. The minutes were kept in Slovak and show that the Pomocnica provided small loans to the general population, but it was not able to satisfy the large number of applicants. In addition, when the authorities ordered it to change its statutes, it could not accept extraordinary deposits and grant loans – a measure which apparently applied to non-members of the society. At an extraordinary general meeting on 24th November 1872, the advocate Daniel Š. Beniač, later co-founder of the Ružomberok Joint Stock Credit Society) and its first legal representative, proposed that the Pomocnica should be transformed into a joint stock savings bank and obtain enough resources from issuing shares and receiving deposits to provide credit for the local population.



**Daniel Š. Beniač, on whose proposal the Vzájomná pomocnica was transformed into the Liptovsko-nemecko-ľupčianska sporiteľňa, joint stock company.**

The Vzájomná pomocnica ended its activity on 19th January 1873. An extraordinary general meeting agreed to its transformation into the Liptovsko-nemecko-ľupčianska sporiteľňa (Liptov Nemecká Ľupča Savings Bank) joint stock company.

Dr. Samuel Hlavács became the director of the institution, and Emil Vysnyi became the deputy chairman. The share capital was to be 30,000 gulden, but the institution asked the district commercial court (Sedria) for an exception – reduction of the share capital to 20,000 gulden. According to the annual reports, dividends were not paid until 1878. The net profit was not high

with approximately 56,000 gulden during the first 25 years of activity. During the same period, each share received dividends of 94 gulden.

In 1889, the bank suffered losses caused by disadvantageous deals. The director Michal Telsch and deputy chairman Fedor Spitz resigned as a result of this situation. The statutes were changed in 1905 and 1910. The share capital was increased to 80,000 crowns, and in the second change to 160,000 crowns. The following period brought favourable development, which was interrupted by the First World War. However, the institution recovered relatively quickly.

In 1921, the name of the institution changed to the Nemecko-ľupčianska banka joint stock company of Nemecká Ľupča in accordance with the respective law. An increase in share capital to one million crowns was authorized, but only 600,000 crowns was actually paid in. The bank cooperated especially with the Liptovská úverná banka of Liptovský Mikuláš, the branch of the Slovenská banka in Ružomberok, the branch of the Česká priemyslová a hospodárska banka in Bratislava and the branch of the Banka československých légii in Poprad. The last of these offered a merger in 1927, but this was refused. It did business prudently and gave priority to loans covered by mortgages. In 1924 it bought property at the spa of Korytnica. The successful development was interrupted in 1925 by the discovery of a fraud involving a total amount of 831,728 Kč caused by its accountant. The scandal also involved the branch of the Tatra banka in Liptovský Sv. Mikuláš



and the branch of the Slovenská banka in Ružomberok, since the fraud also involved taking money from current accounts in these banks. The results were successfully overcome only in 1930. Profit from the sale of spa properties was also used for their removal.

The bank activated its commercial activity in the mid twenties. For example, it granted credit to the First Slovak Film Company Limbora, later Uniofilm of Košice, as well as to Alexander Pikler, owner of the Slávia Cafe in Košice. In 1925, it granted the Ružomberok Paper and Cellulose Works credit of 300,000 Kč. However, it was not enough in the conditions of the time, which

brought a decline in the importance of Nemecká Ľupča as a result of the disappearance of crafts, the local sawmills and Lesný Komposesorát (Forestry Cooperative), and so the bank did not penetrate more significantly into other regions, but remained of local importance. It could not compete with larger, stronger banks. At a general meeting on 30th October 1930, the shareholders agreed to its merging with the Slovenská ľudová banka (Slovak People's Bank) of Bratislava. On 16th May 1931, the Nemecko-ľupčianska banka became the Nemecká Ľupča branch of this bank.

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