



## THE ĽUDOVÁ BANKA, JOINT STOCK COMPANY OF NÁMESTOVO

Various smaller financial institutions, mostly with local activity, were established in the territory of Slovakia at the beginning of the 20th century. One of them was the Ľudová banka (People's Bank) joint stock company of Námestovo, the founding general meeting of which was held on 7th July 1902. Its aim was to accept deposits and from the accumulated resources provide the inhabitants of upper Orava with small farmers' credits, bill and mortgage loans. The initiator of its origin and leading personality of this financial institution during the whole of its 38 years of existence was František Skyčák, a person with commercial experience and practical experience.

The initial share capital of 100,000 crowns was divided into 1000 shares with a nominal value of 100 crowns each. Well-known personalities from Slovak social and political life such as Andrej Hlinka, Ľudovít Vanovič and Dr. Ján Vesel, small share-holders from upper Orava, Slovaks from America and not least the Ružomberký úverný spolok (Ružomberok Credit Company) participated in founding the bank by buying shares. The executive bodies of the company consisted of the general assembly, management, executive committee and supervisory commission. The management consisted of 10 – 17 members elected for three years and the post of chairman was held for many years by the above mentioned František Skyčák. The supervisory commission headed by Aurel Styk performed the function of supervision.

In the first years of the existence of the bank, the management concentrated only on receiving deposits and granting advantageous loans, by which they gained a wide clientele. Such a cautious financial policy continued until the end of the First World War. It brought the bank ever higher profits and the reputation of a solid financial institution. As time passed, the limited interest in investment led to the creation of a financial surplus, which was deposited in other Slovak banks. The growing confidence of the population helped the bank to overcome the general financial crisis of 1907 without damage. The continual inflow of deposits, which did not stop even during the war years, enabled it to undertake appropriate investments. Depositing these financial surpluses in other financial institutions had proved to be ineffective, and the most advantageous solution was new larger investments.

Precisely in connection with the growth of deposits and investments, the bank increased its share capital by issuing new shares: first in 1909 to 200,000 crowns and then at the beginning of 1918 to 500,000 crowns. Part of the investment was directed towards the purchase of securities, but the situation substantially changed after the establishment of the Czechoslovak Republic, when the bank abandoned its previous commercial strategy and began to invest in immovable property and industrial companies to a much greater extent. Soon after the war it bought an estate at Kamenná Poruba near Rajec, but this proved to be a mistake and the estate was sold again after several complications. In 1919, the bank actively participated in the establishment of the Slovenská roľnícka banka in Košice and the Drevársky spolok (Timber Company) in Bratislava by buying shares. It also gradually gained a proportion of the shares in the Žilina cellulose works and the Veľká Bytča brewery. Its other activities included providing credit for food companies, the County of Orava and local towns and villages, but also for Polish small farmers. It also participated in financing colonists and the electrification of Námestovo, but its interest was concentrated mainly on timber processing and trade in this commodity. It provided credit for the Slovenská lesná a drevopriemyselná úč. spoločnosť (Slovak Forestry and Timber Processing Joint Stock Company) of Žilina and in 1921 it participated in founding the Hornooravská priemyselná účastinná spoločnosť (Upper Orava Industrial Joint Stock Company), which operated sawing facilities and traded in timber. Precisely the financing of this company became fatal for Aurel Styk and almost for the whole bank. Styk asked the company to pay provisions for mediation of further credit in 1927, and the management of the bank learnt about this. In the interest of preserving the good name of the bank, he gave up his membership of the supervisory commission on the proposal of Andrej Hlinka, a member of the management. The Hornooravská priemyselná spoločnosť collapsed after 1928 thanks to the speculative deals of its majority owner, but the bank was able to secure payment of the whole credit of 1,500,000 crowns.

Competitive pressure from the side of the large banks and new institutions of people's finance incre-



ased in the new republic. Although the bank showed good results, as a small financial institution, it sought a solution in merging. First, it had unsuccessful discussions with the Slovenská banka in Ružomberok in 1921. Two years later, inaccurate information about a merger, already with the Ľudová banka of Ružomberok, caused a panic and partial withdrawal of deposits. Further discussions, this time with the Tatra banka, also failed. The reason was an unfavourable audit by the director of this bank Fedor Jenesský, as well as the disagreement of the Tatra banka with mutual exchange of shares in the proportion 1: 1.

A new round of merger talks began with the Ľudová banka of Ružomberok in 1931, but the decline of the Námestovo branch of the Ľudová banka of Žilina slowed them. The Ministry of Finance did not object to the merger but thanks to the opposition of some of the shareholders of the Ružomberok bank the mer-

ger did not happen. After this failure, the supervisory commission appealed to the management to accelerate the sale of unprofitable securities, increase debit interest rates and progress to further financial rehabilitation measures. Unsuccessful attempts to achieve a merger continued in 1936 – 1938.

The Ministry of Finance finally decided to end the existence of the Ľudová banka of Námestovo. By decree no.18842/39-VI./16/5 from 6th December 1939, it was merged with the Ľudová banka of Ružomberok under the following conditions: The Ružomberok bank took over all the assets, liabilities and personnel of the Námestovo bank and paid 140 Slovak crowns for each share. The director Roman Kubica became the director of the Námestovo branch of the Ľudová banka. František Skyčák also did not leave badly. He received a life pension.

**Mgr. Miloš Mazúr**