

## TRNAVSKÁ ĽUDOVÁ BANKA

The Trnavská a vidiecka ľudová banka (Trnava and District People's Bank) joint stock company was established on 1st July 1897 with capital of 100,000 gulden. It served the inhabitants of the town of Trnava and its immediate surroundings. It was founded to provide banking services to support agriculture, small businesses, trade and industry. It carried out financial and credit operations, granted loans, advances and credits for securities, personal credit and mortgages. The first general meeting was held on 24th March 1898. The first annual report states that the role of the bank is not to achieve the greatest possible profit, but to teach people to "become propertied, educated, independent and free". The first half year of activity of the company already brought interest from clients in deposits and loans involving the newly established company, but the "difference between the interest rates on deposits and loans was scarcely 1-1.5%". Loans were granted only for trust-worthy purposes: "We denied loans when the resources would have served light-minded or prodigal purposes". The prosperity of the bank in later years was documented by its final accounts and balances. Thanks to profits, the bank paid dividends at the rate of 5% profit, from 1906 6%, in 1910 7% and in 1911 8%.

The year 1913 did not favour deposits in banking institutions because of the outbreak of the First World War. The bank maintained its liquidity from 1914 to 1917, but small depositors succumbed to panic and withdrew their savings without observing the period of notice. Its position was strengthened by deposits of the remaining money in securities, land and larger financial institutions. In 1918, it increased its share capital from the original 100,000 crowns to 600,000 crowns, but using 200,000 crowns from the reserve fund. The management of the bank in that year consisted of: Ján Seidl chairman, Ján Vallner deputy chairman, Dr. Ľudovít Okánik and Jozef Krchňák. The supervisory body consisted of: Cyril Kresák chairman, and the members Štefan Bezák and Václav Pecháček. Precisely in this period, the Trnava bank recorded a considerable amount of interest in the granting of credit. This was because up to 1918, the citizens of Trnava and its surroundings also deposited their savings in Hungarian banks, but they were oversaturated by war loans and became in-

accessible for the general public. The bank achieved a ten-times greater turnover than in the preceding period, and the inflow of deposits was also satisfactory and enough to cover the new loans. The 22nd general meeting in July 1920 approved the increase of the share capital from 600,000 Czechoslovak crowns (Kč) to 10,000,000 Kč. Thanks to the successful growth, a dividend of 12% was paid that year. However, the deflationary crisis of 1922 did not spare the Trnavská ľudová banka. Rapid rise in the value of the crown caused great problems in the economic area. Foreign consumers refused to buy Czechoslovak products, which became the most expensive thanks to the changes in the exchange rate. This situation led to the limitation or complete stopping of industrial production. There was a similar situation in agriculture. Many companies went bankrupt, and this was reflected in the situation of the financial institutions, which became dubious. The Trnavská ľudová banka was financially involved in two liqueur distilleries, which suffered significant losses because of the decline of prices, so that the bank made a loss of 1.5 million Kč. In the second half of 1923, the situation was gradually consolidated and the exchange rate of the crown stabilized. The situation in the bank was stabilized only in 1928. The price of grain fell substantially in 1929, and since the clientele of the bank consisted mostly of small farmers, interest in withdrawal of deposits and granting of credit also grew. In 1930, the Trnavská ľudová banka concluded an affiliation agreement with the Slovenská ľudová banka, which meant that the Trnavská ľudová banka would become its branch at a convenient time. The contract was concluded for ten years with an annual affiliation fee of 60,000 Kč. In this period, the Trnavská ľudová banka showed an unfavourable state in the commercial area and its uncovered losses were more than 5 million Kč. The situation was solved by the Ministry of Finance in 1932 by granting support of 1 million Kč (4% fund bonds) from a special fund, with the condition that the planned merger be implemented by the end of the year. However, the merger happened only in 1935, when the Trnavská ľudová banka in Trnava became a branch of the Slovenská ľudová banka in Bratislava. Jednota (Unity), the revision and trustee association of Czechoslovak banks, in its revision report from 19th June 1936, calculated



the loss and loss risk of the Trnava bank at 2.6 million Kč. In the following years, the Slovenská ľudová banka in Bratislava attempted to solve the losses of the Trnava bank first from its own resources. In 1937, it asked for help of 3 million Kč in the form of fund bonds from the Všeobecný fond peňažných ústavov (General Fund of the Financial Institutions) in Prague. A year later, it also addressed the prime minister Dr. Milan Hodža and the Ministry of Finance in Prague on this problem. A letter to the Ministry of Finance from 1st April 1938 concluded with the words: "As a Slovak financial institution, which has fulfilled its mission with its own strength, without foreign help, not only defended an honourable place at the head

of the middle-sized Slovak financial institutions, but also supported, assisted and guided the recovery of a dozen other financial institutions, we hope the high Ministry of Finance will recognize our real merits and the justification for support in a matter not caused by us, even directly at our indication of the time unrecognized".

We think that they did not receive the requested financial support, and the Slovenská ľudová banka in Bratislava bore the whole loss of the Trnavská ľudová banka.

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