



TATRA BANKA

The Hornouhorská banka Tatra (Upper Hungary Tatra Bank) entered the changed constitutional situation after 1918 as the second largest bank in Slovakia. We have already written about its origin in the period 1884 to 1886 in the magazine BIATEC no.9/2004. Weakened by pre-war shocks, such as the collapse of the debtor companies of P.V. Rovniak in the USA, it did not initially take much part in the rapid development promoted by the post-war boom, but worked on completing its recovery and preparing to enter the general process of concentration of Slovak banks. At the general meeting on 12th July 1919, the chief director Cyril Kresák announced that the recovery was being achieved „with complete success“. The merger with the *Sporiteľňa účastnírska banka* (Savings Bank joint stock company) of Turčiansky Sv. Martin, the oldest ethnically Slovak bank dating from 1868, was a milestone in the further development of the bank. This was also connected with the savings bank act, which prohibited the existence of „savings banks“ outside the communal sphere. The capital of the bank was increased to 10 million crowns at a general meeting on 31st August 1920. The bank also changed its name on the same day by removing the word „Hornouhorská“. By the end of 1921, the Tatra banka merged with another 13 smaller financial institutions and the capital of the bank reached 65.5 million crowns. The number of branches reached 27, distributed across the whole of Slovakia.

An internal reorganization in 1925 divided the management between the headquarters, which remained in the historic centre of the bank in Martin, and the commercial management, which moved to Bratislava in 1926. It was placed in a palatial new building, now the seat of the Ministry of Culture of Slovakia at Námestie SNP 33. The bank was already struggling with the problems caused by the deflationary monetary policy of the Prague economic centre in the period from 1921 to 1923, when it suffered losses of 191.4 million crowns. The appropriate recovery institutions (*Zvláštny fond* – Special Fund) provided compensation of 89.8 million crowns in 4% bonds and a re-discounting loan of 4 million crowns for 29 years at an interest rate of 1%. Further support of 62 million crowns was granted in 1928. However, the bank had to submit to the conditions of recovery: to liquidate the *Drevársky účastníarsky spolok* (Timber joint stock

company), close 8 of its 44 branches and accept into its service representatives of the Banking Office of the Ministry of Finance. One of them, Karol Hellmuth became its chief director in 1926. The idea of merging the Tatra banka with the Slovenská banka first appeared in 1927 on the initiative of representatives of agrarian capital. Merger talks were renewed in 1936, when merging of the Tatra banka, the Národná banka of Banská Bystrica later called the *Stredoslovenská banka*, and the Slovenská banka was proposed. The Slovenská banka rejected this idea in the fear that the Tatra banka would have priority in it. However, by the end of 1933 the Tatra banka took over by merger 25 other financial institutions with 32 branches so that the number of its branches reached 75.

As a result of the great economic crisis of 1929-1933, the Tatra banka suffered further losses and was again granted recovery assistance of 12 million crowns in the form of bonds from the Special Fund, a loan of 26 million crowns from the *Zemská banka* in Prague with a government guarantee and cancellation of 60 million crowns in interest payments on a state deposit. This was associated with reduction of the share capital to 20 million crowns and another reduction in the number of branches to 38 in 1934. The share capital was later raised to its original level by a new issue of shares. The institutions of peoples' finance headed by the *Zväz roľníckych vzájomných pokladníc* (Union of Small Farmers' Mutual Savings Banks) participated in this, so that the Tatra banka was brought into the sphere of agrarian capital.

After the origin of the Slovak state on 14th March 1939, the Bratislava Ministry of Finance directed the process of concentration and centralization of the banking system, in the course of which the Tatra banka had an important role in taking over Czech and Hungarian banks identified for liquidation. This process culminated in 1941 and the Tatra banka gained more than 30% of the assets and liabilities, putting it in second place after the newly established *Sedliacka banka* (Small Farmers' Bank). It was close to the ruling *Hlinkova Slovenská ľudová strana* (Hlinka's Slovak People's Party), as was reflected by the fact that Rudolf Kubiš, later second governor of the Slovak National Bank (from 23rd October 1944), held the post of general director.

Beneš's decree no.102 from 20th October 1945 nationalized the banks and they became national en-



terprises. It was decided that the Slovak banking system would be based on the two oldest banks: the Slovenská banka and Tatra banka, and all the other commercial banks were merged with them by 1st January 1948 on the basis of a government decision. The Stredoslovenská banka (Central Slovakia Bank) and the Slovak parts of the Živnostenská a Moravská banka (Trade and Moravian Bank) were merged with the Tatra banka. The Commission for Finance appointed Samuel Takáč to head the national administration of the Tatra banka. After February 1948 the situation changed. The Živnostenská banka became the only “operational” bank in the Czech Lands, while the two Slovak banks were merged by a decree on 15th April 1948 to form the Slovenská Tatra banka. Július Bránik became chairman of the national administration of the bank, while Ľudovít Kováčik and Tomáš Cip-

ciar, prominent communists, became general director and deputy general director. The Slovenská Tatra banka performed its “operational” activity only until 1st July 1950 and during this short time underwent an extensive internal reorganization. Although the State Bank of Czechoslovakia soon liquidated the basic activities of the Slovenská Tatra banka, this bank was not officially dissolved, but became a “dormant” bank, still included in the register of companies. Klement Donoval, Jozef Ľupták and Jozef Rakús, in reality employees of the State Bank of Czechoslovakia, were successively appointed to direct it. Up to 1989 they used the company name “Slovenská Tatra banka”, especially in some specific cases of international business.

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