

THE KOŠICE SAVINGS BANK

Shortly after the founding of the Bratislava Savings Bank in 1842 a wave of similar incorporations followed in its wake in a number of other towns and cities, where, in its model, independent financial institutions were set up in the form of shareholding companies called savings banks. Since Košice was the second most important



political and economic centre of what was then Upper Hungary, it was wholly natural that on 13 May 1843 Košice businessmen, led by Karol Fiedler, submitted a proposal to the town council to establish a savings bank. This step was taken primarily due to an effort to improve the pitiful financial and lending circumstances in the town and its surroundings. The proposal was approved on 22 December 1843 and after a short time on 18 January 1844 the founding general meeting of the Košice Savings Bank (*Kassai takarekpenzta*) was held, registering share capital of 30 000 gulden. The company began business on 1 May 1844. Count Jan Barkoczy was elected as first chairman of the administrative board and the company's founder, Karol Fiedler, was elected managing director. From the beginning the savings bank focused mainly on collecting deposits and providing various loans and credit. Thanks in particular to advantageous interest rates and a careful business policy it gradually gained such confidence among depositors and shareholders that it was no longer possible to buy shares in the company for ten times their nominal value of 100 gulden.

In 1872 however the company got into a huge financial crisis, threatening to bankrupt the company. Extensive fraud made by the chief accountant was revealed, where it was suspected that the fraud had been going on since 1859. A complete remedy to the savings bank's otherwise hopeless situation came only following the issuing of a Commerce Act in 1875, in accordance with which at the general meeting on 6 May 1876 a five-member administrative board was elected and the supervisory board was given the necessary rights to oversee the business. Already, in 1873, managing officials at the bank (the director and his deputy), who had been working without any claim to remuneration, had been replaced by paid professionals. Thanks to the new or-

ganisation the internal situation of the savings bank gradually consolidated, its position in the financial market strengthened, which was positively reflected in a gradual increase in turnover and profit. As can be seen from the annual report for 1894 the Košice Savings Bank in the fifty years of its business worked with share capital of

240 thousand gulden, maintaining a basic reserve fund of almost 90 000 gulden and managed deposits of 5.3 million gulden. The savings bank gradually expanded its operations to beyond the Košice region and from the beginning of the 20th century became increasingly involved in financing developing industry through credit.

In 1907 the Košice savings bank again got into payment difficulties which it managed to resolve only thanks to a loan in the amount of 5 million koruna from the Hungarian General Credit Bank and the Pestian Hungarian Commercial Bank. These banks together with the Pestian National First Savings Bank had by 1918 gained control over a majority shareholding in the Košice Savings Bank, enabling them to apply their influence in electing members to its boards and its overall business strategy.

Following the founding of the Czechoslovak Republic and the adoption of the Savings Bank Act no. 302/1920 Sb. the company's management was forced in 1921 to change the name of the Košice Savings Bank to the *Košická vkladná banka, úč. spol.* (Košice Deposits Bank), which however a year later was changed to *Košice Bank*. At the general meeting in 1922 the share capital was increased to 4 million koruna through the issue of 10 thousand new shares, where the Bratislavská I. sporivá banka, úč. spol. (Bratislava 1st Savings Bank) acquired a substantial part of these. In 1931 the *Česká eskontná banka a úvěrný ústav, úč. spol.* (Czech Discount Bank and Loan Institution) became the new majority shareholder in *Košice Bank* via its limited partnership company, the *Bankový dom Artúr Frankl a spol.* (Banking House Artur Frankl and Co., Bratislava).

The last principal turning point in the bank's business was connected with the Vienna Arbitration of 1938, on the basis of which Košice was consigned to Hungarian



territory. In 1939 the Košice Bank returned to its original name, where the majority owner became the Hungarian General Credit Bank. In the same year the savings bank set up branches in Lucenec, Mukacevo and Užhorod. Košice Savings Bank's operation as an independent financial institution ended on 1 July 1942 when the Hungarian General Credit Bank ordered its merger with another affiliate financial institution, the Upper-Hungarian Credit Bank, Košice, creating the new legal entity the Spojená hornomaďarská úverová banka a Košická sporiteľňa, úč. spol. (United Upper-Hungarian Credit

Bank and Košice Savings Bank, Košice). Following the return of Košice to the territory of the restored Czechoslovak Republic in 1945, it operated under the new name of the Spojená úverová banka a Košická sporiteľňa, úč. spol. (United Credit Bank and Košice Savings Bank, Košice). In 1946 the bank's liquidation was ordered, where this lasted until 1950 when it merged with the Slovak General and Credit Bank, national enterprise in liquidation, Bratislava.

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