

ŽIVNOSTENSKÁ BANKA IN SLOVAKIA

Formation of the Czechoslovak Republic in 1918 brought a great change in the banking system. Czech financial capital concentrated in a few Czech banks with a strong sense of patriotism began to play an especially important role, and gradually it took on a leading position surpassing the position of German capital controlled by Viennese banks. The most important element of the banking system in the between-war Czechoslovakia became Živnostenská banka in Prague (hereinafter ŽB) founded in 1868 and by 1918 having the share capital of 120 million crowns, while deposits represented 401 470 056 crowns and a total turnover was more than 1.7 billion crowns.

By the end of the 19th century, the ŽB successfully expanded into other former Austro-Hungarian Empire countries, including Slovakia. However, the positions the Bank had acquired before 1918, did not reflect the Bank's real role and power. Its ambitions were an eyesore in the Hungarian circles and they took every opportunity by their economic and political actions to hinder the Bank's activities. Inevitably the first and the biggest Czecho – Slovak economic cooperation project of Živnostenská banka in Slovakia – the founding of a pulp mill in Martin in 1901 – 1902 failed. ŽB was its major shareholder. The company was not granted a construction and manufacturing licence mostly due to political reasons. Therefore, co-operation in banking was limited to assistance in a form of a loan.

The first ŽB client in the Austro-Hungarian Empire and in Slovakia was Tatra banka in Martin in 1887. In 1892, the company established business connection with Slovenská banka (at that time Ružomberký účastinársky úverkový spolok) to which the ŽB Brno branch provided a loan of 20 thousand guildens. Later on, Živnostenská banka also provided loans to Slovenská banka (SB) and other nationally-oriented banks in Slovakia through its branch in Vienna, which regularly informed the headquarters in Prague about the situation in BS, as well as other industrial enterprises under SB by means of its equity participation and loans. Furthermore, from 1908 ŽB began its loan co-operation with Žilinská celulóžka (Žilina Pulp Mill), and in 1918 with its subsidiary Chorvátska zemská banka (Croatia Land Bank) in Osijek founded Vlastenecká drevopriemyselná účastinová spoločnosť in Hronský svätý kríž (today Žiar nad Hronom).

Formation of the Czechoslovak Republic also brought change in a ŽB perception of Slovakia as the political obstacles disappeared. The new state officials openly supported penetration of the Czech capital to Slovakia. As the Slovak banks were mostly small provincial institutions, and they themselves were in need of the Czech capital, there was a great demand for Czech banks assistance, especi-

ally that of ŽB. Up to the first six months of 1920, Živnostenská banka provided loans to tens of industrial, trade, and agricultural businesses in the amount of hundreds of millions of crowns. With the start of post-war depression in 1921, the Bank decided to limit or in some cases to stop provision of loans in Slovakia. Thanks to this prudence in 1922, ŽB was not smitten in a wave of insolvencies and bankruptcies of Slovak businesses.

ŽB was interested in share acquisitions of various industrial and trade companies in Slovakia, directly or through its concern businesses. In the area of mining and metallurgy industry, the Bank was able to penetrate into Handlovské uhoľné bane, and the Bank's enterprise Západočeské továrny kaolinové bought shares of Spojená gemerská magnezitová spoločnosť (United Gemer Magnesite Company). The bank also financed Coburgové závody (Coburg Plant) in Trnava, and had it had its influence also on the Roth Ammunition Factory activities (Patrónka in Bratislava) and Sandrik Company in Dolné Hámre. Through Solo Company in Prague, ŽB acquired control over almost all match producing companies in Slovakia. ŽB provided loans for the biggest refinery of mineral oils in Slovakia – Apollo in Bratislava, it was a majority shareholder of a Žilina factory for artificial fertilizers. In 1919 – 1921 ŽB became the loan centre for the majority of Slovak sugar beet factories, it owned Považská distillery shares in Leopoldov, and participated in the establishment of Slovenský liehový priemysel in Malacky, Prešovská rafinéria liehu, and others. In papermaking industry, the Bank controlled pulp mills in Žilina and Ružomberok, and it continued to own shares of Slovenská papieraň (the former Hungarian Paper Company) in Ružomberok. The Bank was also heavily involved in the financing of Matnerove textilné závody in Ružomberok, and it owned 30% of its shares. The artificial fibre factory in Senica was also under the Bank's financial influence.

In connection with its capital expansion to Slovakia, in 1919 – 1920 ŽB opened its branches in Bratislava and Košice and especially the Bratislava branch became very profitable. In 1938 it established its branch also in Žilina.

Even after 1939, after the formation of the Slovak Republic, when the Slovak governing powers pursued "nationalisation" of Slovak economy, ŽB maintained its significant positions in Slovakia's industry. The ŽB branch in Bratislava working as an agency for Slovakia since 1942, was included by the Finance Ministry into the group of key institutions of Slovak banking. However, in 1948 due to centralisation of Czechoslovak banking, the Bratislava branch was terminated and its business activities were taken over by Tatra banka.

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