

## RUŽOMBERSKÝ ÚČASTINÁRSKY ÚVERKOVÝ SPOLOK

When the important Ružomberok traders in colonial goods, the brothers Peter and Daniel Makovický announced their intention to establish a financial institution with Slovak management and the participation of Slovak capital at the end of 1878, they provoked opposition from the already existing Ružomerská sporiteľňa (Ružomberok Savings Bank), which feared competition, but also disfavoured from the local offices. However, the founders did not give up their aim, and so the founding general meeting of the Ružomerský účastinársky úverkový spolok (Ružomberok Joint Stock Credit Company) was held on 3rd June 1879. Daniel Makovický became the director of the new institution. He also held the position of treasurer. The shareholders paid only 50% of the share capital of 30,000 gulden. The rest of the share capital was provided three years later from a reserve fund.

The commercial activity of the company was directed mainly towards the receipt of deposits, granting of loans and discounting of bills. Loans were granted especially to tradesmen, craftsmen and small farmers in the County of Liptov. The credit company endeavoured to attract clientele with higher interest rates on deposits and lower interest rates on loans. However, the demand for loans soon exceeded the company's financial resources. It solved this situation with a rediscounted loan from the Zvolenská sporiteľňa (Zvolen Savings Bank) in 1880. It gradually gained the confidence of the population, and in 1883 it paid dividends for the first time, at a level of eight gulden for each share. At the same time, the amount of deposits reached more than 339,000 gulden.

However, the first years of success were followed by a period of stagnation as a result of crisis in the financial market. In 1885, the company had to ask the Patriotic First Savings Bank of Pest for a relatively expensive rediscounted loan, which all the members of the board and management guaranteed with their own property.

In 1888, various members of the board left the company and established the competing Ružomerská priemyselná banka (Ružomberok Industrial Bank), which took 50% of the deposits. The crisis was overcome only at the beginning of the 1890s, when there was a gradual growth in business. A ge-

neral meeting in 1893 authorized an increase in the share capital to 50,000 gulden and a change of name to Ružomerský úverný spolok, účastinárska spoločnosť (Ružomberok Credit Company, Joint Stock Company). The first branch was established at Trstená in the same year. The recovery of public confidence was manifested especially in increased deposits, which reached 1 million gulden in 1899, when the share capital was increased to 100,000 gulden. The company participated in the establishment of other Slovak banks: the Hornouhorská banka Tatra at Martin in 1884, the Ľudová banka at Nové Mesto nad Váhom, the Myjavská banka and others. The company also oriented itself towards supporting Slovak industry. In 1884, it already granted the Timber Processing Works of Ružomberok a loan of 15,000 gulden. In December 1893, it participated in founding and providing with credit the Helios mechanical and electro-technical joint stock company of Žilina. In 1900, it provided 10,000 crowns of capital for the origin of the Žilina Cement and Lime Works.

In 1904, the company changed its name to Úverná banka, účastinná spoločnosť (Credit Bank, Joint Stock Company) of Ružomberok, and Vladimír Makovický became its director. Under his leadership, the bank began to increase its provision of loans and investment in the establishment and construction of larger factories, especially in the cellulose and paper industries. In 1902, together with the Tatra banka of Martin and the Živnostenská banka (Trade Bank) of Prague, it participated in founding the Martin Cellulose Works, and in 1905 the Žilina Cellulose Works. The growth of the bank's business forced it to increase its share capital to 500,000 crowns, and in 1918 to 6 million crowns.

In 1906, the bank established its largest industrial enterprise: the Uhorská papieren (Hungarian Paper Works) joint stock company of Ružomberok. However, its own resources were not enough to cover all the demands for credit, so it was forced to use large rediscounted loans provided especially by the Živnostenská banka of Prague through its Vienna branch, which used this situation to put its representatives into the managing bodies of the Úverná banka. With the support of the Živnostenská banka, it established the Skláreň (Glassworks) joint stock company for the



production of chemical glass at Žilina in 1912, and participated in the origin of a works to produce lime-sand and cement products at Kraľovany. It used the period of prosperity to build up a network of branches. A branch was established in Bratislava in 1910, and in 1912 at Žilina, which established sub-branches at Rajec, Čadca and Púchov. In this period, the Úverná banka participated in the financial rehabilitation of the Tatra banka of Martin and in saving the Myjavská banka in 1912.

After the outbreak of the First World War in 1914, credit business fell into complete stagnation. On the other hand, the surplus of money led to repayment of debts and depositing of the remainder. This inflow of money enabled the bank to liquidate its rediscoun-

ting liabilities by the end of 1917. The Úverná banka endeavoured to invest its free resources in securities and industry. Shortly before the end of the war in 1918, it established a paperworks in Ružomberok and a railway oil works and enamel bath factory in Bratislava.

Thanks to the purposeful activity of its founders, the "credit company" gradually achieved a leading position in the system of Slovak banks. After the origin of Czechoslovakia, under the new name Slovenská banka, it played an important part in the concentration of Slovak finance and the building up of industry in Slovakia.

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