

THE ĽUDOVÁ BANKA IN RUŽOMBEROK

The name of Andrej Hlinka, whose portrait appears on the obverse of the present 1000 Slovak crown banknote, is closely associated with the establishment and activity of the Ľudová banka (People's Bank) in Ružomberok, a regional and "Catholic" bank active for 38 years. It originated precisely at the time Hlinka had problems with the Church authorities. In May 1906, Bishop Párvy deprived him of the rights and duties of a priest, and he was sentenced to imprisonment in Szeged for nationalist electoral agitation. The later director of the bank Karol Krčméry wrote that "when the people of Ružomberok saw what happened to Hlinka, they saw a need to secure his future and for this twelve citizens of Ružomberok, fearless adherents of Hlinka, established the Ľudová banka in 1907." There is also information that for the same motive, the leading representative of the other Ružomberok bank, the "competing" Úverná banka, Vladimír Makovický also worked for the establishment of the Ľudová banka.

Hlinka himself had some experience in finance. In 1894, he established and ran a credit-food society in Tri Sliache. The founding general meeting of the Ľudová banka was held on 12th May 1907, when the founders of the bank collected 66 thousand crowns of capital. The bank started its activity a month later, and although Hlinka still only waited for imprisonment, they placed at the head of the bank Fedor Houdek, a close relation of Makovický. Vavro Šrobár was chairman of the supervisory committee until 1918. The largest shareholder of the bank was Spišská Kapitula, and among individuals, Hlinka, the Krčméry and Labay families, various craftsmen and Catholic priests and later also Mikuláš Pružinský, minister of finance in the period 1939-1945. The bank was successful, achieving a turnover of 2.4 million and a profit of 4,262 crowns by the end of 1907. On 20th March 1910, a general meeting decided to increase the share capital to 200 thousand crowns, and the director Houdek was "thanked from office" so that Hlinka could become director of the bank, when he returned from prison. However, Houdek remained a member of the management of the bank.

One of the aims of the bank was expansion in eastern Slovakia: "The eastern counties will be more rapidly awakened if they are more connected with us economically" as we read in the annual report of the bank from 1920. However, it was also true that to be

competitive, the bank needed "cheap money", which it obtained precisely in Spiš. In 1910, it founded its first branch in Spišská Stará Ves. Ladislav Moyš, Catholic parish priest of Haligovce and later governor of the Užhorod district and first director of Slovak Radio, initiated this idea and became chairman of the supervisory committee. The branch in Poprad started its activity a year later, the branch at Spišská Nová Ves opened after the war and that at Spišské Podhradie on 15th September 1920.

The business of the bank had a rising trend until 1921, when the share capital reached 5 million and the profit 704 thousand crowns. Its activities were directed into the timber industry and still benefited from the favour of Vavro Šrobár. It financed the Central Match Works for Slovakia (Ústredne zápaliek pre Slovensko) in Ružomberok. Further branches were established and the bank financed the modern publishing company Lev of Ružomberok, supply facilities in Liptov and Spiš, the Ružomberok mechanized brickworks, Ružomberok sawmill, Včela department store and so on.

Hlinka also led the bank into various non-banking activities, for example becoming a member of the Slovak Museum Society (Muzeálna slovenská spoločnosť). In 1920, it established the Cooperative for building a Sokolovňa in Ružomberok with the aim of "obtaining facilities for gymnastics and public education, to establish a pub, cafe and cinema".

However, then the Ľudová banka found itself in crisis. On 25th January 1923, the Ministry of Finance imposed a moratorium ("príročie") on it and appointed a supervisory commissioner. The years 1922-1925 were very difficult for the bank, it suffered losses connected with the deflationary policy of the government. The Prague authorities originally wanted to liquidate the bank, but Viliam Paulíny, chief of the Banská Bystrica Národná banka (National Bank) took charge of matters and by intervening in Prague solved the crisis by bringing the Ľudová banka into closer connection with his bank. The rescue plan also included a government deposit of 10 million crowns for a period of 15 years. The opposition criticized this assistance with a political background, at a time when Hlinka's Slovak People's Party had just entered the Prague government. In reply, the minister of finance Engliš stated that the government had helped because "it wanted to prevent the collapse of the



bank, which would have harmed a great number of poor Slovak people.”

The bank was consolidated in 1926 and its capital reached 10.4 million crowns. It suffered the effects of a further economic crisis in 1936.

Hlinka gave up the position of chairman of the board in April 1933 as a result of the banking act of 1932, according to which a member of parliament could not be a member of a bank board. In his farewell message to the bank, he said that he would “continue to stand by the Ľudová banka of Ružomberok in spirit”. Mikuláš Pružinský justifiably thanked him for the “great unaccountable asset” of his person. Hlinka’s successor Krčméry commented: “The undeniable fact is that without the help of the bank, Hlinka

could scarcely have successfully carried on his struggle for the rights of the Slovak nation”.

After 1940, the activity of the bank was mainly influenced by state decisions. First it was obliged to merge with smaller banks of region importance. The number of branches increased to ten and its capital gradually rose to 16 million crowns in 1943. On 27th April 1945, the bank was entrusted to a temporary management headed by Vladimír Lajda. On the basis of a decree of the Commission for Finance of 24th January 1948, it merged with the Slovenská banka. On 23rd April 1948, it became part of the only commercial bank – the Slovenská Tatra banka, on the basis of a further political decision.

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