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INSTITUTIONAL STRUCTURES OF POPULAR CREDIT
IN CRISIS PERIOD
THE MICROFINANCIAL NETWORK IN 17TH-19TH
CENTURIES IN CORFU ISLAND

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INTRODUCTION

The objective of this paper is to show the processes through which the credit supplied consumption on the island of Corfu during the 18th and mainly during the 19th century. In order to accomplish that, it approaches the field of credit in a dual dimension by means of primary archival material and focuses on the analysis of the practices through which a peculiar financial institution, the “Monte di Pietá” (MdP), combined the operation of a pawnshop, a bank as well as a loan and consignment fund. In that way it strengthened the entrepreneurship with loans that were used for consumption¹.

The micro financial does not constitute a modern innovation; it rather has a history of centuries through which it emerged as an effective tool of social, economic and political stability. In the official economic sector operate banks and financial institutions as well as persons with direct or indirect involvement in the credit sector whereas on the invisible side of the official economy dominate the practices of usury.

In the case of Corfu, the configuration of the micro financial network on its dual dimension was a result of mentalities, as well as of the urban, demographic, geographic and socio-economic reality of the island. The basic factors that are distinguished are: the agricultural production of the island, where the cultivation of the olive-tree was dominant and usually led to the development of usurious contracts, and the impact of economic circles².

The local economy presented serious structural weaknesses while there was also a lack of essential balancing conditions that would ensure a self-reliant development. Occasional crises that were followed by recessions lasting for 2-3 years were observed throughout the 18th and 19th century. Of particular importance is the one that lasted between the years 1848-1851, which was one of the greatest recessions of the century with heavy winters and increase of the cereals' prices³ evolving into a crisis as for two consequent years (1851-1852) there was minimal olive crop, while in 1851 the vineyards of the island were affected by a disease and many cultivators were economically destroyed resulting in an increased credit demand.

¹ . C. DESYLLAS, *Η Τράπεζα των Φτωχών. Το Monte di Pietà της Κέρκυρας (1630-1864)*, ΠΙΟΠ, Athens, 2006.

² . M. FLAMANT, *Les crises Economiques*, Puf, Paris, 1968, G CHYTIRIS, *Η Κέρκυρα στα μέσα του 19ου αιώνα*, Δημοσιεύματα Εταιρείας Κερκυραϊκών Σπουδών, Corfu, 1988, p. 3-29.

³ . T. SAKELLAROPOULOS, *Οι κρίσεις στην Ελλάδα, 1830-1857*, Athens, 1994, v. 2, p. 82.

POVERTY: A TIMELY AND DIACHRONIC QUESTION

In the growth of almost every microcredit network, the role of fluid economic conditions, the consequences of war and the arbitrary interventions of the authorities with the imposition of new taxes or the determination of the price of agricultural products, foods and the population increase, is essential⁴. In the case of Corfu, these factors contributed in the adoption of direct measures of alleviation that would prevent a large proportion of the population going into poverty and being expelled from the production system⁵. The phenomenon of poverty, being an indicator of the lack of monetary resources, played an essential role and was basically expressed in two endemic forms: the *absolute*, meaning the complete inability to satisfy the basic human needs and the *relative*, which only ensured survival⁶. Apart from the quantitative dimension of the phenomenon of poverty, the *qualitative* also existed, which was expressed as weakness of access to the facilities that the society of Corfu provided, eventually leading to isolation⁷. The consequences of poverty were not only limited in their destitute but penetrated into the whole economy and society of the island⁸. Under these circumstances, the credit constituted a tool of stabilization of consumption for the satisfaction of basic human needs in cases where the income fell short of the expenses. Nevertheless, it was rather addressed to the poor who had the ability to provide some form of collateral, and not to the impoverished people who had nothing to provide as a guarantee for the reception of a loan.

THE INSTITUTIONAL FRAME OF GUARANTEED CREDIT

The arrangement of conventions on pledge in Eptanisa was regulated by the Political Code of the Ionian State⁹. It verified the pawn contract by which the debtor was able to secure and guarantee his debt, while the existence of pawn itself was giving him the right to be paid preferentially from the object being on pledge and before the other creditors. In the private

4. G(eneral) S(tate) A(rchives)- A(rchives) O(f) C(orfu), *Atti del Parlamento delle Isole Ionie 1822-1833*, Act no LG', 10/5/1825, art. 9-10 and Act no PE', Preambolo.

5. C. LYS, H. SOLY, *Povertà e capitalismo nell' Europa preindustriale*, Il Mulino, Bologna, 1986, p. 18-32. P. SASSIER, *Du bon usage des pauvres. Histoire d' un thème politique (XVI-XX siècle)*, Fayard, Paris, 1990, p. 45-63.

6. M. FATICA, *Il problema della mendicizia nell' Europa moderna (secoli XVI-XVIII)*, Liguori, Napoli, 1992, p. 39.

7. M. H. D. VAN LEEUWEN, «Logic of Charity. Poor Relief in Preindustrial Europe», *Journal of Interdisciplinary History*, 24, 4, 1994, p. 589-613.

8. M. GRANOVETTER, «Economic action an social structure. The problem of embeddedness», *Readings in Economic Sociology*, Blackweell, Oxford, 2002, p. 481-510.

9. C(orfu) R(eading) S(ociety), *Πολιτικός Κώδιξ του Ηνωμένου Κράτους των Ιονίων Νήσων*, Εν τη Τυπογραφία της Κυβερνήσεως, Corfu, 1851, titl. K', art. 1915, 1916, 1920, 1922, 1926, 1921, 1927, 1928.

conventions, the pawn could be pledged from a third person acting on behalf of the debtor - while the debtor maintained the property of the pawn until its auction, since the creditor had it under his possession only as a means of security for the loan. For this reason he was responsible for the loss or physical deterioration of the object, while the debtor could claim compensation in case where his pawn was not in the same good condition as it was when he provided it to the creditor. Under no circumstances could a pawn be returned but for the total refund of the debt. In case of weakness of the debtor to meet his contractual obligations, the creditor could not assign the pawn to a third party. He could however apply to justice where under judicial decision and after evaluation of the object by an expert, the creditor could be assigned with the ownership of the object or sell it. For this reason it brought responsibility with regard to the loss or the deterioration of object, while the debtor could ask compensation at the case where his pawn was not in the same good situation with the one that was when it had delivered him in the creditor. In no case did not become return of pawn, if previously did not exist total refunding of debt.

The pawn was considered indivisible even in a case of a divisible debt between the heirs of debtor or creditor whereas the interest for the contracting of loans on pledge could not exceed the maximum limit of the 6% per annum. Of course, all the above provisions of the political code did not concern MdP, for which the political civil code recognized that due to the special legal regime, it was valid and respectable and its operational regulation was widely accepted.

PRIVATE FINANCING AND PECUNIARY OPERATIONS

The providers of credit services were traditionally Christians and Jewish money lenders operating with the tolerance and/or the attendance of dignitaries, usually illegally. The market was not always the determinant of the interest rate level as the contractors, in their effort to cover their primary human needs, were usually forced to make contracts that led to the loss of their goods or even their freedom¹⁰, due to their inability to repay the debts. On the island there were basically two Jewish communities whose professional occupation was the trade of goods, the manufacturing, the brokerage and several other profit-making activities¹¹. As a result their role in the economic life of the island was particularly important. The huge economic revenues yielded by their entanglement with private economic activities, usually

¹⁰. AOC, *Regime Veneziano*, F(ile). 14, f(ilza) [fl]. 7, f(oglio). 23r.

¹¹. AOC, *I(onian) I(slands) G(overnment) G(azette)*, n. 370, 27-9/9-10/1858, *Regime Veneziano*, F. 105, fl. 314r, F. 106, f. 22r.

fed the repulsion of the local residents, mainly because part of these profits were often the product of high interest rates with which they borrowed. Many of the Jews had frequent transactions with farmers, with which they contracted loans, they applied the system of *Prosticchi*¹² with interest rate levels that exceeded the 70%, created usurious opportunities and proceeded in confiscations. From the archival sources, it is concluded that the 53,7% of the cases of confiscation between private citizens were made by Jews and mainly concerned cases of commercial and shipping activities¹³.

Lending and undertaking of debt: The most beloved and profitable economic activity of the Jews of Corfu was the interest-bearing lending of money. The interest rate with which they officially lent money in private citizens was 10% while from a series of preserved documents it is now clear that for the period between 1837 and 1841, in a total of 668 recorded actions of lending in the county court, with duration between 2 and 4 months, 37.6% of the lenders of capital were Jews, while the things on pledge were jewels, buckrams, clothes, tools, utensils and goods of furnishing¹⁴. In parallel with these activities, the Jews participated substantially on the unfolding of MdP operation¹⁵. Their presence in the public auctions basically as jewelry but also as clothing pieces adjusters was systematic. Their interest was primarily focused on the adjudication of assets of various debtors of the institution that led to public auction and not only the securities¹⁶. Many Jews and the Synagogues as well¹⁷ maintained deposit accounts of several types¹⁸ in MdP due to the reliability of the institution in the security of capital, without overlooking the guaranteed interest rates (5%). Another form of lending was also the '*godis*' – '*godo*', the lending of funds that was realized against a temporary concession of property that aimed at the fulfillment of mutual benefit for the lender and the creditor¹⁹.

¹². S. ASDRACHAS, «Φεουδαλική πρόσοδος και γαιοπρόσοδος στην Κέρκυρα κατά την εποχή της Βενετικής κυριαρχίας», *Τα Ιστορικά* 2.4 (1985), p. 371-386, M. MICHELON, «La peste dei prosticchi: travagli legislativi di un contratto agrario nelle Isole Ionie (sec. XVI-XIX)», *Atti dell' Istituto Veneto di Scienze, Lettere e Arti*, 50, (1991-1992), p. 377

¹³. AOC, *Amministrazione Veneziana*, F. 248-249.

¹⁴. AOC, *Tribunale di Pace*, F. 1437, reg(istro) 1-4, F. 5595.

¹⁵. AOC, *Francesi Imperiali*, F. 45, S(ub folder) 7, f. 365r.

¹⁶. AOC, *Atti Notarili*, F. 598, fl. 2, f. 45r, 55r, 85r, 92r, 98r.

¹⁷. AOC, *Stato Ionico*, F. 419, f. 137r,v.

¹⁸. AOC, *Reggente*, F. 43, mod. 4/10/1848, f. 1r.

¹⁹. K. NTOKOS, M. MELENTI, «Το ξένο λεξιλόγιο στις ελληνικές πηγές της Βενετοκρατίας», *Εώα και Εσπερία*, 3, (1996-1997), p. 83-184.

AN IMPORTANT MICROFINANCIAL POLE

The establishment of MdP of Corfu that was in tandem with the economic planning of Venice, was materialized in 1630 by Provveditore General, Antonio Pisani aiming at the structural control of the economic activity and the improvement of the standard of living of the lower social layers²⁰. However, it indirectly (and by means of the credit management) aimed at the destruction of the black economy, the usurious activities and the money traffic control, providing in conditions of scarcity of economic resources, the possibility of direct transformation of securities in money and vice versa.

The basic operation of the institution was the approval of loans on pledge for consumption purposes. By means of this credit convention, the institution transmitted a certain pecuniary amount to the contractor while at the same time he was undertaking the obligation to return this amount in regular time intervals plus the agreed amount of interest. One of the key objectives of its financial management was the self-sufficiency and the self-financing of its activities so as to ensure its unhindered operation as structural element of the system of the local economy. The practice of capitalization of profits ensured on the one hand its continuous operation and on the other its solvency and fame that derived from its special character of an economic institution with social orientation.

The MdP of Corfu belonged to that type of financial institutions, for which applied no restriction to the renewal of pawns. In theory this would mean that someone could infinitely renew his pawn, provided that he pays the annual interest of the loan and a small estimated amount as inventory expense. The pawns were securities and were typologically distinguished in two categories: the valuables (jewels, golden jewelry, precious stones) and the not valuables (buckrams, clothes). Only one loan could be provided for each pawn being secured whereas the limits of lending were strictly determined. The maximum limits of financing were directly related to the general economic situation of the institution and were often reformed²¹.

The loans granted by MdP were interest-bearing with an average interest rate of 6% per annum whilst the exact amount of interest to be returned was calculated based on the day of issuance and return of the loan. The amount of financing varied from 2/3 of the assessed value of the pawn in case it was valuable, to half of its value for the rest types of pawns

²⁰. AOC, *Regime Veneziano*, F. 64, fl. 23, fs. 8, p. 11r, L. IPPAVIZ, *Corcira antica e moderna, Tipografia Greca la Fenice*, Venezia, 1901, p. 310, A. MUSTOXIDI, *Promemoria sulle condizioni attuali delle Isole Ionie*, London, 1840, p. 17.

²¹. AOC, *Amministrazione Veneziana*, F. 320, fs. 7, 10, f. 2r,v, F. 64, fl. 64, fs. 8, f. 53r.

(buckrams, clothes, metal kinds). However, it is important to note that these percentages related to the evaluation of pawns in 1768 had remained almost the same since 1834²².

In contradiction to MdP, the lists of the magistrate's court of Corfu that has recorded aspects of a credit network for the years 1837-1841, have officially listed only 668 actions of lending on pledge among individuals. At the realization of these conventions, the 16.1% of the creditors were Jews, while a percentage of 4,4% of the lenders were women. At the same time 70.018 actions of pawning were recorded in MdP, a percentage exceptionally higher than the one referring to the contracts between individuals which accounts, according to relevant records, for 0,95% of the MdP pawning²³.

From the preserved and officially recorded pawning of MdP, there is significant data evidencing the strong credit activity which took place on the island. In a period of 65 years, from 1769 until 1843, 608.293 lien transactions or renewal orders were recorded. For those transactions for which the pawn (item) was recorded, it results that 181.614 transactions concerned jewelry items and 90.029 items of clothing and buckrams²⁴. In terms of percentage, these data show that the 29,8% of the total pledged items concerned jewellery and the 14,8% buckrams and clothing which actually results in a ratio between valuable and not valuable pledges of 2,1:1 (Tab. 1). These data evidence a serious credit activity, given the fact that for a total population of 66,000 people²⁵ on the first half of the 1850 the corresponding ratio was approximately 9.216 pledges per annum or 25 per day, with the ratio of 2:1 between valuables and not valuables being maintained (Tab. 1). This is clearly a ratio which implies that the pledges corresponded roughly to 13,9% of the total population of the island (urban, semi-urban and rural)²⁶. The only way of control and cross-checking of these data are through the records of the auctions since most accounting records were not actually preserved. The number of pledges is verified by the minimum number of auctions per annum. The average number of auctions that the Foundation carried out annually was 65 while according to the rules of the Foundation, the minimum number of items that should be sold in order for an auction to be realized, was thirty²⁷. By the calculation of these minimum amounts it can be concluded that roughly 2.000 items (more precisely 1.950), the 21,1% of the items on pledge, were going to auction, a fact showing the difficult economic situation a consequence of which was the weakness of recovering the collaterals.

²². CRS, *Notificazione 1218*, art. 29, *Francesi Imperiali*, F. 82, fl. 115, fs. 1, f. 53r, F. 319, fs. 2, f. 3r.

²³. AOC, *Tribunale di Pace*, F. 5595, reg. 1, 4 (80v, 149r).

²⁴. AOC, *Stato Ionico*, F. 419, fs. 1, f. 173r - 228v, *Reggente*, F. 43, f. 2, f. 1r-8r.

²⁵. CRS, *IIGG* n.292, p.2.

²⁶. D. ANOYIATIS -PELÉ, E. PRONTZAS, *Η Κέρκυρα 1830-1832, μεταξύ φεουδαρχίας και αποικιοκρατίας*, University Studio Press, Thessaloniki, p. 420-426.

²⁷. AOC, *Magistrato di Religione*, F. 119, fl. 1, f. 154r-216v, *Amministrazione Veneziana*, F. 319, fs. 2, f. 7v.

Those pawners who were in great financial need and could not apply to MdP, due to a past debt, or because they were ashamed to approach it and contract a loan out of social or personal reasons²⁸, fell usually victims of usurers and speculators that bought their collateral coupons in humiliating prices²⁹. The pledges that were accomplished were in direct and close relationship with the general economic conditions and depended on several factors but basically on the performance of the primary sector of the local economy, that in turn signaled important economic and social correlations, as it happened in 1855 when 54.934 items were on pledge due to the economic recession resulting from the reduced production of the island and most significantly the increase in the prices of cereals. On the contrary, in 1859 there was a profit of 2.929 talers and 423 obolus, since the production of olive crop was very satisfactory and resulted to the renewal or the takeover of collaterals that had been secured with a parallel smooth cash flow into the Foundation Fund³⁰.

QUALITATIVE AND QUANTITATIVE ASPECTS OF CREDIT

The process of auction is included in the ‘speculative’ activities of the Foundation. The main objective during the conduct of public auctions was to assemble a large number of adjudicates in order to maximize sales and offers. This was particularly important in the case of the debtors of the Foundation concerning real estate auctions, so that the profits or the damages were actually much higher compared to the results of securities auctions. On that grounds, in 1817, and in an effort to increase the security of the interests of MdP, it was decided that the publication of notices for auctions should be issued at least one month earlier and on a large number of copies that were to be distributed not only to the city and in the suburbs, but also in the villages of the district.

From its side, MdP made efforts not to leave the pawns unsold for a long period of time after their expiry, since this practice would bear extra costs, while the prolonged maintenance of pawns in the Foundation usually led to a series of temporary auctions. In order for an auction to be conducted the advice and consent of the government ranting relevant permission was necessary³¹.

²⁸ F. BÉCHARD, *Les déclassés, Nouvelle édition, Paris*, 1880, p. 251-281.

²⁹ AOC, *Polizia Esecutiva*, F. 100, f. 21, mod. 12/9/1823, f. 1r,v- 2v.

³⁰ AOC, *Reggente*, F. 43, mod. 20/1/1859, f. 1r,v & 23/1/1855, f. 1r,v.

³¹ AOC, *Francesi Imperiali*, F. 45, S. 7, c. 28/5/1817r, F. 44, S. 4, f. 166r.

The available data concerning the auctions in MdP of Corfu, despite their relative extent - they are limited in the years 1815-1825, 1833-1839 and 1859-1864 enlighten only certain aspects of these, they do not cover the total number of auctions that had been conducted³². The maximum number of auction filing sheets that is preserved for a period of one calendar year is 60 (1833) and include 3.300 items, out of which 2.250 are jewelry –a percentage of 68,1% - and 1.050 buckrams –a percentage of 31,8%. In the total entity of the items under auction, there was stability in the ratio of 2/3 concerning valuable items and 1/3 concerning not valuable items.

As far as the adjudicates are concerned, in those cases where their names were recorded, it was found that the majority were men, whereas the percentage that concerned women that proceeded in adjudication or public renewal of objects never exceeded 4%. Particularly for the years 1859, 1860 and 1861, a significant number of the successful bidders in auctions of valuable items were members of the Jewish community³³. The Foundation, along with its basic activities undertook in its maturity period (18th-19th century) the management of various trusts or funds, while the government had several loans and entrusted to the Foundation the payments to the beneficiaries as well as their collection³⁴.

THE BANK OF THE POOR

The traditional role of MdP was that of the mediator acting between savers and borrowers. Through its banking operation, which was particularly relevant to defraud, it also developed its activity in the field of financing and deposits either by the public or by several legal entities. Thus, it improved the effectiveness of the financial system while at the same time offered protection to the depositors. It managed its liabilities by granting loans and in that way it was building its assets. It also converted the receivables with a low degree of liquidity (loans) into obligations with a high degree of liquidity (cash deposits). Despite any adversities, it was meeting effectively the needs of a large number of borrowers and savers, so that both sides were satisfied, since the MdP was managing its liquidity very well.

The depositors had absolutely no burden for the deposit of their money. The forms of deposits that were accomplished in MdP of Corfu, personal or in favor of third parties were

³². AOC, *Magistrato di Religione*, F. 119, fl. 1, f. 1r-226r, *Reggente*, F. 146, f. 2r-242r & F. 147, fl. 1-6.

³³. AOC, *Amministrazione Veneziana*, F. 146-147.

³⁴. AOC, *Senato*, F. 96, f. 1. f. 8r, *Stato Ionico*, F. 7, mod. 12/2/1821, f. 1r, v.

interest-bearing and interest-free³⁵. The *interest-bearing deposits* are distinguished: a) in those that yielded revenues or interest against the capital and b) in those that the depositor or the proprietors had the right to withdraw both the capital and the interest, a form not different at all from today's interest-bearing deposits³⁶. There were also deposits for charitable purposes or charitable institutions that were characterized as "*Sacro Deposito*". Certain public services, such as the Finance Committee used to maintain deposits in MdP which, when used by the Foundation for various purposes, received the relevant interest that was agreed for the interest-bearing deposits (5%).³⁷ Since its establishment the institution of compulsory deposits is also met, one that was mainly related to bodies or organizations of the Administration. The compulsory deposits were not only aimed at the economic reinforcement of the Foundation, but they were also part of a wider effort for the total control of the economic activity of the island³⁸. Another category of interest-free deposits concerns the accomplishment of deposits that arose from arrangements related to the management of public money and concerned 'legal purposes'. In this case, it is proven that MdP had also the character of *Fund Deposits*. The various deposits made by the state towards the heirs of disposers who received funds owed to them by the state or some of its services, also maintained the form of a custody.

Apart from the money of wills, certain public services deposited money in MdP in simple deposit funds in the form of consignment entitled to individuals³⁹. Another form of deposit was also the '*a libero lievo*', which were in their majority interest-free deposits, whose beneficiaries were recognized after a special verification and they had the right of withdrawing certain amounts. For their verification as beneficiaries, a special certification was required usually issued by decision of the Senate that the First Mate notified in the Advocate for the Poor, in order to inform MdP accordingly⁴⁰.

From 1809 MdP had to face one more problem, the reduction of interest-bearing deposits. The reduction resulted from the weakness of the Foundation to increase the deposit rates, so as to be competitive in relation to the existing rates of the market. During that period, MdP offered deposit rates of 5% when the interest rate in the market was 7% whereas at the same time some companies - unions, as well as *dite* could guarantee for the security of deposits offering interest rates higher than 7% per annum. This prompted the depositors who sought better returns to relocate their deposited funds into these companies.

³⁵. AOC, *Francesi Imperiali*, F. 38, S. Santo Monte di Pietà, f. 192r.

³⁶. AOC, *Stato Ionico*, F. 419, F. 269r,v-27r, F. 53, f. 63v.

³⁷. AOC, *Francesi Imperiali*, F. 38, 44, S. 4, f. 225r.

³⁸. AOC, *Amministrazione Veneziana*, F. 319, fs. 9, f. 15v, f. 18r.

³⁹. AOC, *Stato Ionico*, F. 131, fl. 1, f. 70r, F. 419, f. 74r, 135r.

⁴⁰. AOC, *Avvocato dei poveri*, F. 4, fl. 1, f. 122r, 167r.

The deposit funds collected were used for the granting of loans on pledge. The Foundation committed itself to return these deposits to their owners the soonest possible, whenever they needed, while it also had the right to interrupt the process of granting loans in order to ensure its ability to meet withdrawal needs⁴¹. The money that was deposited in MdP was not subject to any type of seizure and the depositor maintained the right to transfer them or to dispose them at its discretion. The *'binge'* constituted the most powerful incentive for the depositors as they could secure their money and at the same time avoid returning their debts and their obligations. However, this advantage also undermined the overall structure of the local economy of Corfu, as many considered this as an opportunity to avoid their obligations.

In order to improve the Foundation's operational efficiency, the depositors were obliged to give relevant notice for their intention to withdraw part of or all their deposits. The time of notice of a withdrawal varied according over the years: initially it was two months independently of the amount⁴², in 1812 it was four months, while in 1827 the time of notice depended on the amounts being pulled. The higher the amount of withdrawal was the longer the period of notice that was available to the depositor⁴³.

With the relevant regulation of 1834 it was decided that the maximum allowance for the return of interest-bearing deposits, irrespectively of the amount in deposit, should under no circumstances be higher than two months whereas in cases where the liquidity of the Foundation was sufficient deposits could be returned within one day⁴⁴. In order to ensure its ability to meet the credit demand of the poor as well as the demand of cash from its depositors the Foundation was eligible in contracting loans with the Government of the Ionian Bank at an interest rate of 4%⁴⁵.

INTEREST-RATE: AN EFFECTIVE REGULATING TOOL

One of the distinctive features of the banking operations of the Foundation was the interest rates, by means of which it implemented its financing policy. With the increase or decrease of the interest rates, the institution intervened in the local economy by shrinking or advancing the economic activity and making the cost of capital lower or higher. The deposit

⁴¹. AOC, *Francesi Imperiali*, F. 38, S. Monte di Pietà, f. 278v, F. 82, fl. 115, fs. 1, f. 18r.

⁴². AOC, *Regime Veneziano*, F. 64, f. 23, fs. 8, f. 16r.

⁴³. AOC, *Amministrazione Veneziana*, F. 319, fs. 2, 12, f. 2r,f. 5v.

⁴⁴. CRS, *Notificazione 1218*, art. 26 -27.

⁴⁵. AOC, *Reggente*, F. 43, mod. 17/6/1852, f. 1r,v.

and lending rates influenced the profitability of the Foundation since the difference of these two rates defined its profitability. Moreover, during the 17th, 18th and 19th century, the control of lending rates developed a spirit of saving, the motive and reward of which was the income from the interest-bearing deposited funds. There are three types of interest rates:

- *Deposit interest rates* that concerned the interest-bearing deposits (they aimed at the attraction of depositors and the increase of saving),
- *Lending rates* for each granted loan to individuals (the objective was the attraction of borrowers) and
- *Borrowing interest rates*, with which the Foundation was charged when receiving a loan from other banking institutions, the state or individuals. The latter is also the oldest method of money supply control, since the cash and deposits of the Foundation as well as its lending increased when the interest rate was low. On the contrary, when the borrowing interest rate is increased, the Foundation tends to borrow less money which results in the reduction of loans and money supply.

The level of deposit interest rates as well as the other types of interest rates was determined by the official supervising political and administrative Authority of the Foundation, which was taking into consideration the economic conditions that prevailed in Corfu as well as the overall financial position of the Foundation. This is why the interest rate fluctuated over different time periods. Therefore, throughout the entire period of operation of the Foundation, it is observed that all three types of interest rates were subject to some maximum and minimum limits of fluctuation. Thus, for the deposit rates, the limits fluctuated between 3%-6%, for the lending rates between 6%-8% and for the borrowing rates of the loans received by the Foundation from 4%-6%⁴⁶ (Tab. 2).

As far as the deposit rates are concerned, their fluctuation is the outcome of the overall economic situation as well as the particular needs of the Foundation for funds. Thus, when the Foundation is in need of funds, it increases the deposit rates in order to attract depositors. The configuration of the lending rates tends to be more stable over long periods of time compared to the deposit rates. They were never set to levels lower than 6%, while in comparison to the deposit rates they fluctuate at a minimal difference of at least 2% (Tab. 2). In the cases that there are archival testimonies for the borrowing rates of the Foundation, these tend to be lower than the lending rates and at the same higher to the deposit rates. Furthermore, for the period between 1834 and 1855 a proportional increase of 2% of the borrowing rates has been observed.

⁴⁶. AOC, *Stato Ionico*, F. 419, f. 288r.

THE SPIRIT AND CONDITIONS OF ECONOMIC MANAGEMENT

At the beginning of the 19th century the perception that the low cost of capital allows the development of the island is widely spread⁴⁷. Each administration was well aware of the importance of the operation of MdP and its institutional integration in the economic development of the local economy and society. To these administrations is also attributed the recognition of the negative consequences of misconduct and the bad management of the institution, particularly from its personnel and its debtors, whose dedication to the quick and easy increase of their private wealth caused damage to the institution and the society as well⁴⁸. This assumption was essential in the decision making and the adoption of administrative directives that aimed at the re-organization of the institution and the most rational support of its operation according to the moral spirit of that period⁴⁹.

Initially, the funds of the institution could by no means be used for any other activity than the one related to its core mission the lending against securities⁵⁰. In 1818, in the frame of an effort to support its financial operation and increase its available funds, it was decided, by proposal of the First Mate in the Parliament that became acceptable on 23rd of March in 1819, to prohibit individuals contracting loans with collaterals. Furthermore, the control of the financial management was made through the regular briefing of the government from the *Conservatori* on a monthly or bi-monthly basis as regarded the level of available funds as well as the general issues related to the controlling, the financial and administrative activity of the institution. The governmental Authorities often requested detailed reports or transmissible letters that were accompanied by receipts of financial records, in order to evaluate the real administrative and financial position of the institution⁵¹.

An important problem, in the moral management of the institution, is its accounting monitoring. Due to the lack of an organized accounting policy, the way by which the accounting records were made in each financial period as well as the book-keeping, was regulated by the commands of each political administration supervising the institution and its operation⁵².

Furthermore, the role of the high-ranked personnel in securing the economic interests of the institution was essential whereas the importance and specialty of their vocation is

⁴⁷. AOC, *Amministrazione Veneziana*, F. 319, fs. 2, f. 5v, fs. 11, f. 10v, F. 320, fs. 8, mod. 30/4/1816, f. 1r.

⁴⁸. AOC, *Regime Veneziano*, F. 64, f. 23, f. 4r.

⁴⁹. AOC, *Polizia Esecutiva*, F. 810, S. 122, Risoluzione 3/10/1829, f. 1r.

⁵⁰. CRS, *Notificazione 1218*, art. 21.

⁵¹. AOC, *Stato Ionico*, F. 23, (Atto del Parlamento XI titolo), F. 53, f. 68r.

⁵². AOC, *Francesi Imperiali*, F. 45, S. 7, f. 365r, F. 38, S. Santo Monte di Pietà, f. 187v.

highlighted in several sources. This was also a key reason for which delays during the bureaucratic processes related to the replacement or the termination of the service of this high-ranked personnel should be avoided. Of course it was not only the delays in processing the replacement or termination of service of high ranked personnel that was economically detrimental for the institution, but of the rest, ordinary staff as well that was assigned with the responsibility of managing the resources wisely and programming the institution's operational processes⁵³.

The political problem connected with the public financial hindrances constituted one more factor of influence of the institution's operation. Its financial position had been repeatedly affected by political decisions and it was involved in the settlement of costs and expenses that were totally irrelevant to its mission. Almost thirty years after its foundation, in 1662, the institution had been forced to interrupt temporarily its operation, because the state fund had deprived it from its funds, whereas a large part of the damages is sustained due to the economic support of martial needs sought to be restored by Provveditore General da Mar, Andrea Corner (1677-1679), without any success however⁵⁴.

A case of intervention is that of the last Provveditor General da Mar, Carlo Widman, who was forced to proceed to the withdrawal of the amount of 6.000 talers that were transferred from the Garner to the MdP for the payment of the army. Later, the Imperial French (1807-1814) continued to withdraw funds from MdP which resulted in the Institution trying to secure its interests by pressing its debtors, and especially those of the Garner, to meet their contractual loan obligations, since the transfer of credit from the Garner to the MdP was the only source of capital raising. It is characteristic that in 1833 the debts of Garner were still 13.522 talers and 23 fardines, when the total annual accounting turnover of the institution was balanced in the 114.972 talers and 63 fardines⁵⁵.

With the fall of Venice in 1797 and the arrival of the French Republicans in Corfu (1797-1799) an exceptionally difficult economic period had begun for the institution, because it was substantially forced to stop being managed by the *Tesoreria Locale* whereas a significant part of its funds were directed to *Cassa Generalizia*, in order to cover the military and political expenses of the French⁵⁶.

The decision of the Eptanisian Senate dated 20th of April 1807, by virtue of which the earl Moncenigo, attorney of Russia, decided to provide the deposits of the bequest Canal that

⁵³. AOC, *Stato Ionico*, F. 419, f. 338r, *Francesi Imperiali*, F. 44, S. 4, f. 357r, 358r.

⁵⁴. AOC, *Regime Veneziano*, F. 100, f. 15v, mod. 45, f. 5r.

⁵⁵. AOC, *Senato*, F. 61, c. 1r.

⁵⁶. AOC, *Amministrazione Veneziana*, F. 1223, fl. Amministrazione Municipale documenti dei debiti, mod. 27/3/1820, f. 5v.

constituted from 3.000 tzeckinia and 3.780 talers to the financial services of the government, in order for the army to be paid, was one of significant importance for the financial position of the institution. These funds were returned from Russia at an interest of 12% per annum in 1808, nevertheless, they had been deposited in Venice and they were at the disposal of the enterprise of Angiolo Papadopoli so that the MdP could not bring them back to Corfu until 1809 because it would suffer important losses at a rate of 8% up to 10%, for the exchange of bank cheques.

A loss of significant financial resources is reported in the annual statement of the Conservers in 1812. In this, they claim that the institution faces serious problems because the government had deprived it from its financial resources and had therefore considerably affected its financial position by overcharging it. Moreover, except for the government, various state Authorities, such as the Public Treasury, extracted and retained its monetary funds with the causative of preservation, in an effort to collect funds to face serious political and economic issues. From the 29th of May until the 12th of December 1815, a total amount of 8.191 talers and 5 pounds had been delivered to the Public Treasury, which by serving governmental needs were not efficiently managed and did not provide any profit to MdP⁵⁷. It is characteristic that in the effort of the Conservers of the institution for return of these funds, they mainly invoked its social and charitable orientation.

The liquidity constitutes one more issue within the spirit of its management. For the institution a maximum limit of liquidity of at least 9 talers and 60 obols had been determined whereas the cash flow exceeding this amount should be directly dispatched to the governmental financial services⁵⁸. In this frame, in 1832 the institution had deposits in the Public Treasury amounting to nearly 14.000 talers. These compulsory deposits do not seem however to have any relationship with the effort of its prudent management, so as to operate as a security of a minimum liquidity, but they were more related with the satisfaction of governmental financial needs or their exploitation in other activities, the profits of which were undoubtedly not credited to the institution. The financial records (even if they are not totally preserves for its financial year) that show the average cash flow on a monthly basis amount for the years 1818-1822 to 1.800 talers. For the period 1823-1833 the monthly average is approximately 3.600 talers and for the years 1833-1834 they come up to 4.000 talers⁵⁹.

⁵⁷. AOC, *Francesi Imperiali*, F. 38, f. 208r, F. 41, S. 11, f. 844r- 901r, F. 44, S. 4, f. 196r.

⁵⁸. AOC, *Amministrazione Veneziana*, F. 320, fs. 8, mod. 23/3/1824, f. 1r.

⁵⁹. AOC, *Stato Ionico*, F. 281, 7, c. 1-50, F. 53, fl. 1, c. 1-105, F. 281, c. 1-10, F. 131, fl. 1, f. 1r-80r, F. 191, fl. 3, f. 1r-18r

RELATIONS OF INCOME AND EXPENSES FOR THE FINANCIAL POSITION OF THE INSTITUTION

The basic element of a very essential form of financial planning of MdP was the configuration of records for the income and the expenses of the institution. This is because it is assumed that the income substantially determined the ability of lending. Thus, when its income was increased and the cash flow covered the minimum fixed amount of liquidity, then the lending limits were proportionally increased⁶⁰.

In order for the lending capability of the institution to be reinforced, funds deriving from the payment of fines to the state were deposited to it, as from the end of the 17th century by decree of the 2nd January of 1682. Deposits of this type reinforced the role and its operation as a *fund of deposits*⁶¹. Apart from the collection of fines of the state, various financial fines that were imposed on dealers, such as the ones related to the loss of collateral receipts, but also financial fines that were imposed on its personnel for a number of reasons, as well as to third parties that tried to undermine by certain means the normal MdP operation, were deposited to the institution⁶².

Apart from the fines and the various financial penalties, MdP was financially supported by the deposit of certain amounts related to the occupation of ranks in the public sector, but also ranks within the MdP itself. In the frame of an effort of additional financial aid and increase of its income, the wages of the state employees as well as several rents, were deposited as from 1768, to the institution at an annual interest rate of 5%. At the same time, the total funds and credits related to the Public Garner, were transferred to it⁶³. Of course, periods of serious weakness will also exist. One of them is presented between 1814 and 1816, a period of significant economic distress of the island. At that time, the cash flow of the institution was exceptionally decreased, reaching to only 500 talers per month, in 1816. This size constitutes a measure of comparison of the reported financial figures, such as the income and expenses, as well as debts and wages of the personnel of the institution. By generally observing the time period of the three last months of 1812, the available funds of the institution are 10.326, 39 talers, in the middle of 1817 are limited to 3.384 talers and the working capital of the fund in 178 talers, representing a percentage of only 5,2% of the total available cash⁶⁴.

⁶⁰. AOC, *Amministrazione Veneziana*, F. 319, fs. 11, f. 4v.

⁶¹. AOC, *Regime Veneziano*, F. 28, fl. 2, f. 37r.

⁶². AOC, *Amministrazione Veneziana*, F. 319, fs. 11, fs. 8.

⁶³. AOC, *Regime Veneziano*, F. 28, fl. 2, f. 190r, F. 95, f. 190r,v.

⁶⁴. AOC, *Francesi Imperiali*, F. 41, S. 11, f. 783r, F. 45, S. 7, F. 44, S. 4, F. 87, F. 41, S. 11, f. 339r.

The institution was always concerned to be aware of the funds available in other services and their collection to its treasury according to the regulations of operation. A basic source of income was also the profits yielded from the sale of collaterals and rents or the sale of assets of debtors that had come under its ownership.

Another important parameter that was directly related to the income was the pawnings that were apparently closely related to the inflows as well as the overall economic situation. For the years that records are available at a constant rate, it is assumed that from the end of September till the middle of December, the number of pawnings is increased as well as the sums allocated in lendings, while at the same time the income and the cash flow is decreased⁶⁵. By the end of February up to the middle of April this shaped picture is totally reversed. During that season the pawnbrokers withdraw or renew their pawns so that the profits of the institution from the provision of loans increase. The most likely and realistic hypothesis for this phenomenon is its connection with the circle of agricultural production and specifically the olive production.⁶⁶

The imbalance of operational income and expenses created the deficit of institution and the only possibility of recovery was the practice of seeking funds through the lending mechanism. Among the causes of the deficit creation one could also see the realization of a large number of pawning acts and lending as well as the increased demand for payment of deposit interests.

In these cases the institution could take a loan from the government or, if the government could not respond positively on its demand, then the managers asked and received relevant authorization to borrow money from the Ionian Bank. In both cases, the interest-rate level was 4% per annum until 1855 when it increased to 6%⁶⁷. Ionian Bank Ltd was established on the 23rd of October 1839 with the enactment of *Senate of the United States and the Ionian Islands* during the period of English sovereignty. Its registered address was in Corfu and the headquarters were based in London, where the general assemblies were also taking place. Furthermore, it was also registered to undertake banking services in England and publish banknotes to the Ionian Islands. After their annexation in Greece in 1864 an extension of its editorial privilege across the Greek territory was also allowed.

After 1800s the amount of loans is never lower than 1.000 sterlings. For the satisfaction of the financial needs of the institution the management resorted to the borrowing of such amounts with an annual frequency, while the money of loans were collected in installments

⁶⁵. AOC, *Stato Ionico*, F. 61, c. 1r, F. 281, c. 132-357, *Reggente*, F. 43, mod. of years 1846-1862, F. 146, f. 2r-242r, F. 147, fl. 1-6, *Magistrato di Religione*, F. 119, fl. 1, f. 1r-226r.

⁶⁶. AOC, *Amministrazione Veneziana*, F. 319, c. 10r.

⁶⁷. AOC, *Reggente*, F. 43, mod. 17/6/1852, f. 1r,v.

that were usually two and were collected within a quarter in an effort to avoid being charged with significant interest⁶⁸.

THE ISSUE OF ABUSES

Beyond its theoretically perfect institutional and lawful frame of operation, the problems of dysfunction were never absent from the long and turbulent life of the institution that often resulted in the interruption of its activity. The interests of the institution were affected by the cheatings and faults of its personnel internally, and by the interventions of the administrative dignitaries in its funds, externally. The cases of abuse in the institution took place almost simultaneously with its establishment, thus worsening its financial position⁶⁹. Recommendations were often made to the Estimators / Stimatori and their Store-keepers, because they evaluated the collaterals in extremely low prices that did not correspond to their real value.

Among the objections of the debtors there are claims against the personnel of the institution, who in order to cover their financial abuse, did not precisely record the payment of debts and installments, thus charging them with additional installments, rates and taxes, a fact that caused serious problems to those who had huge and long-lasting debts⁷⁰.

Consequently, the thefts, the counterfeitings and the embezzlements of the employees were made on the purpose of their easy and fast enrichment. When these cases were identified, they were taking the regular way of justice, the employees were becoming debtors of the institution and most of them, depending on the level of the abuse, were led after their trial from the justice as well as the publication of condemnatory decision, to prisons. It was not however only the employees that caused damage to the institution. Its customers functioned exactly in the same way and did not lose a chance to appropriate profits thus causing loss of the institution. A common way of deceit on behalf of its customers was the use of forged banknotes in their transactions and the pawning of valuable kinds, the precious metals of which by had sustained falsification⁷¹.

⁶⁸. AOC, *Reggente*, F. 43, mod. 4/9/1855, f. 1r &. 27/11/1852, f. 1r.

⁶⁹. AOC, *Regime Veneziano*, F. 106, S. no. 264, c. 1r.

⁷⁰. AOC, *Amministrazione Veneziana*, F. 319, fs. 9, f. 18r, F. 1223, *Amministrazione Municipale documenti dei debiti*, 27/3/1820, f. 10r.

⁷¹. AOC, *Stato Ionico*, F. 281, f. 85-101r and CRS, *IIGG*, n. 175, p. 4.

THE PROFILE OF DEALERS

The customers seem to be aware of the services, the quality and the prices offered by MdP. Through the processes of repeating transactions, they became more experienced consumers and continuously increased the expectations of their service. In many cases, it was realized that they were disposed to address to competitors (Jews and Christians), so as to ensure the mixture of services that satisfied them in terms of quality and quantity. For that particular reason the ‘customer loyalty’ could not be exclusively attained through the operation and the development of the pawning.

Among its customers were those that were running the danger or had fallen victims of usury out of need⁷². The motives that prompted the customers to apply for a loan were many (purchase of foods or medicines, expenses of wedding ceremony, death of family member, lack of work, illness, bad production or some other situation of emergency). In most cases these loans simply covered the purpose of survival, however the common element of all was the need of lending of small amounts of money, with which they would avoid to apply to charities, or, if they wanted to rescue their dignity, to the usurers⁷³. Between them Orthodox and Roman Catholics, holy temples and abbeys were met, the administrators of which deposited the funds that were available in their treasury, as well as governmental services and authorities, as the Sub-prefect, the Advocate of the Poor, the Public Treasurer and the Local Conductor⁷⁴.

After the examination of the records, customers with rare or frequent participation in the turnover are revealed, customers from the city, but also foreigners, ecclesiastical delegates, orthodox and catholic clergymen, as well as a big number of Jews. Taking as a base the criterion of frequency of participation in the institution’s turnover, it was revealed that a large percentage, that approximately approached the 2/3 of the dealers, constituted a constant clientele of the institution, in contrary to the roughly 1/3, which was made up by persons who sporadically and without certain systematic rhythms dealt with this⁷⁵. From the existing records it is not possible to estimate the percentage of customers from the city of Corfu, whilst at the same time it is impossible to make any assumptions as to whether their number constitutes a relative majority compared to those of the outskirts. As regards the opposition of

⁷². AOC, *Regime Veneziano*, F. 64, fl. 23, fs. 8, f. 10r, 69r.

⁷³. AOC, *Francesi Imperiali*, F. 44, S. 4, f. 196r.

⁷⁴. AOC, *Magistrato di Relizione* 2, F. 6, mod. 19/7/1852, f. 1r.

⁷⁵. AOC, *Stato Ionico*, F. 131, fl.1, f. 70r, F. 7, mod. 28/6/1820, f. 1r, F. 419, f. 128r, *Reggente*, F. 43, mod. 25/7/1859, f. 1r, mod. 5/3/1847, f. 1r, mod. 25/5/1852, f. 1r, *Repubblica Settinsulare*, F. 187, IV. 9, f. 67r, *Francesi Imperiali*, F. 45, S. 7, f. 364r, *Stato Ionico*, F. 281, f. 5r, S. 4, f. 129r, *Francesi Imperiali*, F. 42, S. 7, φ. 338r, *Reggente*, F. 43, mod. 31/1/1815, f. 1r, mod. 1/4/1846, f. 1r.

customers with racial - religious criteria, which is particularly the case of the Jewish community, it is assumed that men in their majority were regular and systematic customers of various services of the institution and had the criterion of their registration in that particular case was not racial – religious, then they would be classified as regular customers⁷⁶. As regards the sex of the dealers, it is stated that women constituted a minority⁷⁷.

MdP was for consumers a permanent source of liquidity while at the same time it composed a channel of transmission of monetary effects, a mechanism through which the messages, the influences and the results of each applied monetary policy were diffused to the economy. In a local and at the same time regional market of funds characterized by intense competition, it offered the savers as well as the security holders safety of liquidity and services of observation of debtors. That is to say, it could cure with low cost the asymmetries of information and provide the money lenders greater and cheaper safety of liquidity.

THE DEBT AND ITS MANAGEMENT

In the transaction activities there were always individuals who either from objective weakness, negligence, or expediency failed to consistently meet their financial obligations.

The inconsistency of debtors towards their obligations against the institution was the main cause of disappearance of huge funds of the MdP whose purpose was to be distributed to the lower social classes. The characteristics of debtors testify that they were persons from the local urban, suburban and agricultural society, men and women, foreigners or permanent residents of foreign countries without any absolute religious discrimination. In the printed vouchers of transactions of the institution is presented a number of Jewish debtors, which, however, due to the lack of further elements cannot be compared with other social groups⁷⁸. Among the debtors there were also politicians and members of the government who tried to regulate by all means their debts at their own interest, even at the expense of the institution and the customers that it served⁷⁹.

⁷⁶. AOC, *Reggente*, F. 43, f. 27/5/1847, f. 1r, F. 43, mod. 22/5/1857, f. 1r, *Stato Ionico*, F. 43, S. 4, f. 129r, *Francesi Imperiali*, F. 41, S. 11, f. 892r.

⁷⁷. AOC, *Amministrazione Veneziana*, F. 2656, n. 3r, *Stato Ionico*, F. 281, f. 202r -377r, F. 43, mod. 10/12/1860, f. 1r, 27/12/1860, f. 1r, 7/7/1854, f. 1r, 4/3/1853, f. 1r, 4/5/1852, f. 1r, 27/5/1847, f. 1r, 19/5/1845, f. 1r, S. 4, f. 129r,v, F. 419, f. 104r, *Amministrazione Veneziana*, F. 380, Sentenze dal 15 Nov. 1631 al 5 Marzo 1632, *Polizia Esecutiva*, F. 100, fl. 40, mod. 13/4/1825, f. 1r.

⁷⁸. CRS, *IIGG n. 153*, p. 1-2. & AOC, *Repubblica Settinsulare*, F. 43, S. 4, f. 263r.

⁷⁹. AOC, *Reggente*, F. 43, mod. 9/2/1852, f. 1r.

The overall economic recession that prevailed and the increased governmental needs often contributed to the pressure of the management of the MdP to advance in liquidations of the debts of debtors and to save from these funds that were used for the operation of the institution⁸⁰. In 1808, a bad year for the local economy and the finances of government was marked by intense pressures to take special measures for the debtors⁸¹.

From a legal point of view, MdP faced the debtors with the spirit of justice of that period. It assigned to its legal representative the formation of briefs that were submitted to the Domestic Conductor and he, on his turn, forwarded same to the Public Prosecutor⁸².

In the financial policy of the institution related to the settlement of huge and long-term debts was also common the practice of facilitation of debtors for the settlement of their debts, mainly through the adjustment of their debts in interest-bearing installments⁸³, the levels of which was high considering that some of them were charged with fines of 10%. The debts towards the institution for funds, rents, implanting rights etc. were charged with interest rates of 6%, which in 1819 were increased to 8%⁸⁴.

Apart from the holders of public ranks, among the debtors were also the tenants of the assets belonging in various debtors whose right to collect their rents had been assigned to MdP⁸⁵. The assets of debtors that had been attached or confiscated were incorporated into the fixed assets of the institution that maintained their management, disposal and exploitation. It also had the right of collecting implanting rights or rights of recognition from the cultivators of the agricultural property of its debtors that had passed under its management.

The debts of the personnel were secured at a significant degree by the guarantees that they provided at the undertaking of their duties, while the debts of the personnel were adjusted by the institution providing to the debtors a possibility of settlement with some favorable terms or installments. The rate and the duration of installments varied according to the financial ability, the reliability and the guarantees of the debtor⁸⁶.

Each debt write-off that was related to the personnel and was realized after a special decision of the government, which was ratified by the Parliament, created serious economic burden to the institution⁸⁷.

⁸⁰. AOC, *Francesi Imperiali*, F. 41, S. 11, f. 885r.

⁸¹. AOC, *Amministrazione Veneziana*, F. 320, f. 2r, F. 319, fs. 9, f. 3r.

⁸². AOC, *Reggente*, F. 43, mod. 25/10/1858, f. 1r.

⁸³. AOC, *Francesi Imperiali*, F. 40, f. 224r.

⁸⁴. AOC, *Amministrazione Veneziana*, F. 320, fs. 8, Risoluzione 1/3/1819, f. 1r.

⁸⁵. AOC, *Stato Ionico*, F. 7, mod. 27/1/1819, f. 1r, & 16/3/1819, f. 1r.

⁸⁶. AOC, *Francesi Imperiali*, F. 40, S. 50, f. 359r, F. 44, S. 4, f. 172r, F. 1223, fs. (without no), f. 33r

⁸⁷. AOC, *Reggente*, F. 43, mod. 13/2/1860, f. 1r,v.

THE INSTITUTIONAL ALTERATION

Nevertheless, the need for credit also continued after the unification of Eptanisa with Greece. The institution did not stop its activity but rather adapted its institutional and functional character and was smoothly altered in the Greek state. In the years that followed the unification, it was considerably influenced by the publication of a series of laws and decrees that determined the character, the operation and its institutional frame. By virtue of the law of the 20th January of 1866 its particular legal foundation was recognized whereas the previous undergoing regulations of its operation remained into effect. The field of additional operations of the pawnshop of Corfu was extended by the law of the 1st November of 1867 that concerned the redemption of ground laws and forecasted the deposit of relevant amounts to the pawnshop⁸⁸.

The pawnshop was declared by the decree of the 28th of May 1887, a municipal self-preserved charitable entity that was managed on the basis of the regulation of operation of 1834 and its only amendments concerned the replacement of the role and the responsibilities of the First Mate from the Prefect and the officer or the advisor of Political Police, that was replaced by a member elected by the municipal council of the Municipality of Corfu.

Finally, by virtue of the law 3905/1929 the pawnshop was incorporated in the Autonomous Organization of Agricultural Credit of Corfu and as a department of this new organization of its era, had limited and controlled activity⁸⁹. Under article 6 of the compulsory law of the 17th April 1935, the pawnshop of Corfu was released from the autonomous organization of agricultural credit and devolved to the Postal Pawnshop of Popular Credit⁹⁰, functioned as its branch and was administered by the sum of provisions of the law 5834/1933⁹¹.

⁸⁸. CRS, *NOMOS SMD'*, Athens – Corfu, p. 9-16.

⁸⁹. Library (of the) H(ellenic) P(arliament), *Official Journal*, 142/1887, p. 509.

⁹⁰. LHP, *OJ*, 153/1935, p. 2.

⁹¹. LHP, *OJ*, 142/1887, p. 509.

CONCLUSIONS

MdP with its continuous operation from 1630 until the middle of the decade of 1980 played a decisive role on:

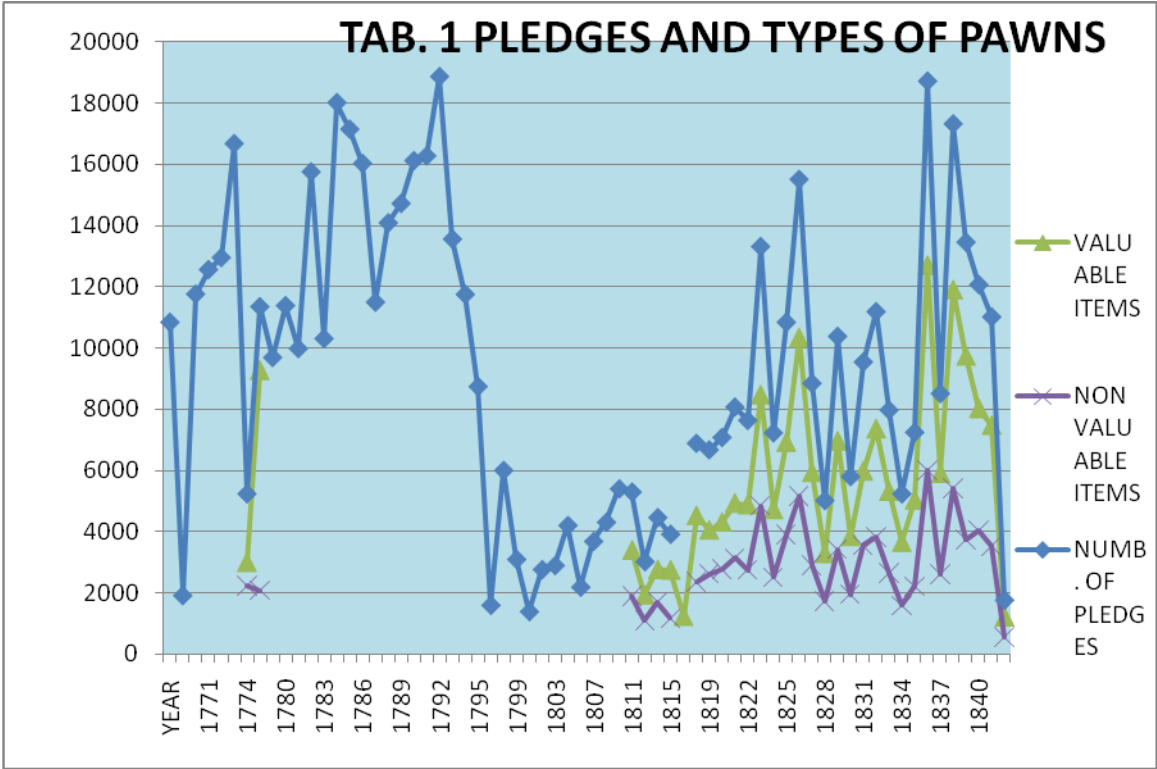
1. The transmission of the monetary policy since its economic behavior affected the level of interest rates as well as the total amount of cash flow in the market.

2. In the allocation of domestic credit since the local Authorities were taking initiatives for the decrease or increase of consumer credit depending on the prevailing social and economic conditions.

3. In the transfer of wealth among generations, since through the maintenance of pension accounts and services (retirement fund of redcaps etc.) it transported the wealth from the institutions to the pensioners.

4. In the services of payment settlements because the settlement constituted a relative activity with the mediation.

As a financial institution, it faced over the years significant pressures for improvement of its financial activity. These pressures emerged from entities of the external environment (dealers, the local authorities, the changing economic situation, the customer liquidity), as well as from internal sources (demand for development of new services, cost control, credit and entrepreneurial risks). From the economic theory perspective, MdP not only transferred, but also created money through its pawning and primary banking activity. The creation of new money - and not simply the transfer of it – was of great economic importance, since the “new” money through its use, allowed the economic and entrepreneurial development, even with its allocation in consumption activities. Despite the fact that MdP was unable to fight the phenomenon of poverty that prevailed in the local society, it created the sphere in which the use of money becomes perceivable and this prompted the benefit of temporary exit, alleviation or escape from the adverse financial situation of individuals and social groups. The financial exploitation of property rights into securities that the institution could mobilize was also a fundamental issue.



TAB. 2
INTEREST RATES OF MONTE DI PIETA

YEAR	DEPOSIT INTEREST RATE	LENDING INTEREST RATE	BORROWING INTEREST RATE
1691-1767	6%		
1768-1772	3%	6%	
1773-1774	4%, 5%	6%	
1775-1779	5%	6%	
1794-1796	5%	6%	
1807-1808	5%	8%	
1809-1810	6%	8%	
1812-1816	6%	8%	
1817		6%	
1824-1826	5%	8%	
1827-1833	6%	8%	
1834-1836	4%	6%	4%
1837			4%
1838	5%	8%	
1839-1842	6%	8%	
1843-1854	6%	8%	
1855		8%	6%