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**THE HISTORY OF THE
HUNGARIAN-ITALIAN BANK
(1920-1948)**

Thesis book

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The aim of the research

The goal of our research was to give a detailed institutional history of the Hungarian-Italian Bank Public Limited Company (Ltd) between 1920 and 1948 based on the sources available in the National Archives.

When processing it was important that we use as few economic approaches as possible, trying to avoid dry data. Nevertheless, the emphasis was more on the function of the Hungarian-Italian Bank Ltd, obviously with figures. We succeeded in creating the framework of the company's history from the large amount of documents available in our case.

We hope that this work can later serve as a good basis for further research, which, by processing the entire document material and presenting the full depth of domestic and foreign relations, can give an even more complex picture to the knowledge of the economic history of the period.

While setting up the history of the bank compared to the financial institutions of the era, showing its place and role together with its branch

network, we did not make special economic and financial analysis, which would distract from the company's history. We rather focused on the presidential cycles, leading persons, and lesser-known internal operating mechanisms that made the Hungarian-Italian Bank Ltd. great. This dissertation is also to be interpreted within the framework of banking history written according to business history and not macroeconomic aspects.

In the dissertation, we tried to embed the events of the bank's 28 years with the given period, confirming all of this with the various appearances in the contemporary press. Relying on the most important documents from the available archival sources (90.87 linear meters), we intended to present the history of the institution by processing the board, the general assembly, and the secretarial documents. Where we deemed it necessary, we quoted longer from the minutes, giving a sense of the atmosphere of the meetings or the importance of the case. In terms of the size of the Hungarian-Italian Bank Ltd., Hungary was the 5-6th largest bank based on total assets.

So far, no one has processed the history of the bank in a complex way, researchers have only flashed a small sub-story, such as the situation of the Jews in the emergency period, the female officials in the context of women's work and some historical moments of diplomacy.

We considered important highlight the life of the bank's founder, Camillo Castiglioni, in a separate, longer chapter, since neither a study nor a monograph has been published about him in Hungarian, despite the fact that his figure was outstanding in both Hungarian (Hungarian–Italian Bank Ltd.) and European economic history (Semperit, BMW).

Many of the people who played a leading role in the life of the bank were well-known and recognized experts during the Horthy era. By revealing the names and their positions, we wanted to show - not deviating from the company's historical goal - what kind of connections can be discovered between the financial/corporate world and politics in the given time.

Starting from 1944, the life of the bank changed a lot due to the wartime, from then on the usual internal bank documents disappeared, there are no board reports, summaries, general assembly, etc. In fact, the bank has become like a drowning person who cannot swim, who is drowning and struggling to survive. In this case, we tried to present the remaining archival documents by themselves, in chronological order, since no other internal bank documents were available, thus showing the heroic struggle, which eventually - given the transformed international relations and the Soviet occupation – ended with liquidation. The processes of the institution - during the cycles of its various presidents - were presented in a similar thematic order.

We also introduced rare and interesting events along the way that made the doctoral thesis and the series of events more colorful. Such e.g. the person of the papal prelate István Mészáros - who, at his personal request and through the intercession of Aladár Zichy, was relieved of his parish position by Ottokár Prohászka himself (X.19, 1910), and moved to Budapest as an employee of the Christian Cooperative Store. Mészáros

was a permanent member of the bank's supervisory board from the beginning until the last year of the war, as long as the documents are available. The personal documents about him in the Székesfehérvár Diocese Archives have disappeared, but I still thought it was important to present him in the supplement, even with only a photo, because as a Catholic priest, he might seem impractical in a bank's supervisory board. We did not find any trace of his data in the Historical Archives of the State Security Services either.

In the dissertation it is clear that as the Hungarian political orientation changes in the international situation, so does the management of the bank (it becomes more and more relaxed).

Sources

The primary sources of our research are kept in the Óbuda Archives of the National Archives of the Hungarian National Archives. Basically, we reviewed the documents of Hungarian-Italian Bank Ltd. that were the most important from the point of view of company history: MNL OL Z 75 – general assembly documents,

MNL OL Z 76 – board of directors’ documents, MNL OL Z 77 – secretarial documents, MNL OL Z 81 – securities and foreign exchange department documents.

MNL OL Z 83 – personnel department documents. MNL OL Z 878 – Sports association documents of the employees of the Hungarian-Italian Bank Ltd.

The entire documentation is 90.87 linear meters, the processing of which would far exceed the scope of this doctoral dissertation.

The sources used for the history of the bank were the following: MNL OL Z 74 – documents of Hungarian National Bank Ltd., MNL OL Z 73 – documents of Central Commercial and Industrial Bank Ltd., MNL OL Z 25 – secretarial documents of the First Domestic Savings Bank of Pest, MNL OL Z 65 – document archive of the the Hungarian Discount and Exchange Bank, MNL OL Z 1531 – documents of the Foreign Exchange Department of the Hungarian Commercial Bank of Pest.

The opportunities provided by Arcanum and Hungaricana also helped our work, as well as the interface of Netjogtár, through which we were able to verify countless legal places and references.

Our work was helped by various Compasses and the annual summaries of economic history. During the research, we also used resource collections containing diplomatic documents.

The results of the research

During our research, we searched for the answers to the following questions: how the bank was founded and what importance it had in economic life, especially in the 1920s. An important question was also how the bank was affected by the economic crisis from the end of the 1920s and what responses it gave to this challenge. Last but not least, the bank's closure and its circumstances did not avoid our attention either. We wanted to achieve these goals by presenting and processing the persons, institutions, companies and overall events presented in the dissertation thematically and partly in chronological order.

With its companies and financing activities, the bank was considered an unavoidable factor in domestic industry and agriculture.

The role of Camillo Castiglioni, who was only called a "shark" at the time, was outstanding and had a significant impact on the bank, which we tried to emphasize with his biography. Castiglioni had a fantastic career as he rose from the son of a Trieste rabbi to the top of economic life and became one of the richest people in Europe.

In the Repertoire compiled by Károly Jenei, we can read the following about Hungarian-Italian Bank Ltd.: “ Hungarian-Italian Bank Ltd. started its operation with considerable financial strength. Its share capital, including the reserve fund, was 493 million kroner compared to the 315 million kroner of Hungarian Commercial Bank of Pest and 325 million kroner of Hungarian General Credit Bank. The Hungarian Commercial Bank of Pest was founded in 1840, and the Hungarian General Credit Bank in 1897, so the capital strength of the Magyar-Olasz Bank was indeed considered large. In the first half of the dissertation, we present the history of the predecessor banks and the role they played in economic life in the 1920s.

The era led by Camillo Castiglioni provided a strong foundation for Hungarian-Italian Bank Ltd. to remain a prosperous bank even without him. In this period, Hungarian-Italian Bank Ltd. had a significant corporate portfolio, of which I would like to draw attention to only one, Hotel Britannia Ltd. This hotel - which still operates today, however, under the name Radisson Blu Béke Hotel - was inherited by the bank through multiple transfers. This is not the only interest owned by the bank that had, and still has a significant role in domestic economic life.

The bank was extremely active in the 1920s and 1930s. It took a share - together with a total of 23 other financial institutions - in the discounting of the 420 million kroner treasury bills issued by the Royal Hungarian Ministry of Finance. He was also present in the syndicate formed by one of his predecessor banks, Hungarian National Bank, from September 1919 to receive and sell 200 million kroner 4.5% repayment bonds issued by the capital. The bank was present in domestic financial life and could be counted on. It expanded its branch network and, in addition, formed a

syndicate with Hungarian General Credit Bank, Hungarian Commercial Bank of Pest and Pest First Savings Bank Association, and they acquired a significant amount of shares in First Hungarian General Insurance Company with equal shares. During Castiglioni's presidency, the bank generated very active investments and thus significantly contributed to the stability of domestic financial and economic life. Castiglioni had extremely wide economic connections.

After Castiglioni, Albert Berzeviczy took over the chairmanship of the bank, who, with his extensive education and versatility, further increased the bank's prestige and maintained its outstanding position on the domestic banking market. Among the shareholders, the Italian share dominated. The bank was also the economic link of the developing Hungarian-Italian relations, but during this presidential period it was also necessary to deal with the effects of the global economic crisis. It happened during Albert Berzeviczy's presidency that the Vatican became a shareholder in the bank, which shows that the Vatican, which is sensitive to its financial investments, found the bank worthy of being a

shareholder in its business life. The economic world crisis fell on this period, the lingering effects of which extended into the next presidential term as well.

Thanks to Albert Berzeviczy, the management of the bank wisely and, one might say, with foresight, began to gradually divest itself of its corporate portfolio, thereby reducing the risk of losing money by preventing the permanent write-off of the losses of a poorly managed company. Furthermore, he diversified his other investments and money placements, namely to an extent that minimized the risk of loss or, in the worst case, bankruptcy. He did all this while maintaining the payment of dividends, which only increased the confidence of investors during the crisis period.

Compared to 1930, in 1931 the deposit portfolio of the bank decreased somewhat, but it was not in a very difficult financial situation. The Hungarian-Italian Bank maintained its position as market leader even in the deteriorating international and domestic economic environment. Even under the chairmanship of Albert Berzeviczy, it remained one of the top 10 domestic

financial institutions, showing that they continued good management.

Albert Berzeviczy was replaced in the presidential chair by Antal Éber, who was one of the most decisive financial and economic specialists of the era, and whose professional knowledge kept the bank in a prominent position in the domestic economic market despite the difficult economic environmental factors. Despite all the economic difficulties, the Italian-Hungarian relations were well illustrated by the fact that the bank's CEO Dr. Miklós Halmi received a high-ranking Italian state award. However, it is worth noting that Dr. Eber's presidency fell on such a difficult period, in the first phase of which the long-lasting international effects of the economic crisis were strongly evident. Therefore, in order not to lose dynamism, the bank sought to rationalize the corporate portfolio during this presidential period and thus ensured the financial institution's continuous development.

The increasing international political conflicts and economic difficulties did give Antal Éber false hopes, but he unwaveringly and steadfastly managed the bank

together with his colleagues, which still did not lose its market position. Active participation in the Ethiopian-Hungarian Trade Ltd. also served to bring Italian-Hungarian relations closer together. In the last year of Dr. Antal Éber's presidency, the Hungarian public finances were also balanced, there was no need to finance them with loans, so the domestic financial sector also had more leeway to meet the credit needs of the population. During his presidency, we can talk about the last period when the management of the bank was in "Hungarian hands", and the long shadow of the war was already cast on the period after that.

Guido Romanelli's presidential term was the last presidential term that could still be assessed as active from financial and economic points of view, and that really showed banking activity. Of course, as the country drifted more and more into the war, we were faced with poor and difficult director's reports.

Italy's and Hungary's entry into the war also took place under the presidency of Guido Romanelli. These historical facts did not help the life of the bank, and the institute even reached the point where it could not pay

dividends to the shareholders. This period was characterized by increasingly wide-ranging rationalization, which was often brought about by external constraints, such as the closing and merging of certain branches. It was a particularly bad sign and the amount of money OTI took from the bank did not strengthen investor confidence in the bank either.

The downturn after prosperity under the presidency of Albert Berzeviczy did not occur because of the president himself. Romanelli was surrounded by excellent professionals, but there was no escape from the international circumstances and conditions. There were objective obstacles, such as the impossibility of maintaining contact with the parent institution. The destructions of the war did not spare the bank either. It is true that the premonitory signs of the war and its consequences fed a false illusion in many people, and the returned territories only reinforced this in the masses. The bank lives on money and investment.

Thus, when the annexed areas returned, they looked for the opportunity in the shortest possible time, and even

found it, to provide financial services in the old and new parts.

The death of Giuseppe Toeplitz also marked the end of an era, as not only Banca Commerciale Italiana felt his absence, but also its bank account in Budapest. Regardless of this, the close relationship between the two countries was shown by the fact that the governor awarded the Grand Cross of the Hungarian Order of Merit to President Romanelli in 1943. Because of the war, the management of the bank started to leave the "sinking ship", the captain himself preferred to return home to Italy, because the war situation made not only the bank's life, but everyone's life more and more hopeless.

How did the bank's life end, how and why did it close? To this question, chapter XIII. gives the answer. The period from 1944 to 1948 is extremely resource-poor. In spite of this fact, we tried to use all the available material from which something can be learned about the life of the bank at that time. A description in the appendix (János Szaniszló's) is truly unique, because it

reveals daily events in Budapest that were previously unpublished.

The liquidation procedure of 1947 was almost an envelope. The Italians did not want the Soviets to interfere in the life of the bank, especially not by participating in the "compensation". The escalation of the international situation and the initial period of the formation of the bipolar world, the Soviets' particular interpretation of the law gave absolutely no chance for the bank to continue operating with Italian capital and management.

Our banking history dissertation, written on the basis of board, general assembly and secretarial documents, contributed to the economic history of the era as well as to the previously unknown activities of Albert Berzeviczy.

Publications:

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