

the genoese exchange fairs and the bank of amsterdam: comparing two financial institutions of the 17th century*

as feiras genovesas de câmbio e o banco de amsterdam: comparando duas instituições financeiras do século xvii

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ABSTRACT

In the 17th century, the prime mover of the Genoese exchange fairs was – more than International commerce – the huge volume of transactions generated by the Spanish Crown’s public debt and the financial speculations of the most influential European financial operators (Genoese above all). The purpose of this article is to carry out a comparative analysis of the main dimensions of the Genoese exchange fairs and the Bank of Amsterdam seems to be the logic continuation of the Italian exchange fairs. The

RESUMO

No século XVII, mais do que o comércio internacional, o motor principal das feiras de câmbio genovesas foram o enorme volume de transações geradas pela dívida pública da Coroa espanhola e as especulações financeiras dos operadores financeiros europeus mais influentes, sobretudo os genoveses. O objetivo deste artigo é realizar uma análise comparativa das principais dimensões das feiras de taxas genovesas e do Banco de Amsterdam, que parece ser a continuação lógica das feiras de câmbio italianas. O banco holandês deve ser

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Dutch bank should be considered as the final point of a long process of evolution of the domestic monetary market. In fact, it was strongly backed by the merchant class in order to regulate not only the national monetary market, but also to support the International payments system for almost two centuries.

Keywords: Credit markets. International payments system. European early modern financial history. Exchange fairs of Genoa. Bank of Amsterdam.

considerado como o ponto final de um longo processo de evolução do mercado monetário doméstico. Na verdade, ele foi fortemente apoiado pela classe mercantil, a fim de regular não só o mercado monetário nacional, mas também para dar suporte ao sistema internacional de pagamentos por quase dois séculos.

Palavras-chave: Mercados de crédito. Sistema internacional de pagamentos. História financeira do início da Europa moderna. Feiras de câmbio de Gênova. Banco de Amsterdam.

Introduction

In the 17th century the Genoese exchange fairs picked up the legacy of a secular institution improved through the successive stages of the fairs of Geneva, Lyon and Piacenza (15th-16th centuries). The driving force of these meetings turned out to be not only the International commercial exchanges, but also the huge amount of money involved in the public debt of the Spanish crown. In fact, the loans to the Spanish kings – the *asientos* – for almost two centuries generated an endless chain of payments which was mainly managed by the Genoese bankers who can be considered the leaders of the financial market of that time.

On the other hand, the Bank of Amsterdam (1609) – also called *Wisselbank* – seems to be the logic continuation of the exchange fairs, becoming one of the major protagonists of European financial market at least since the second half of the seventeenth century. The *Wisselbank* must be seen as the result of a long process of evolution of the monetary market of the United Provinces. In fact, it was strongly backed by the merchant class in order to regulate not only the domestic monetary market, but also to support the International payments system.

This article will try to show and explain the different characteristics and functioning mechanisms of these two financial institutions in a comparative perspective in order to better understand the development of the international payments system of early modern Europe.

1. The exchange fairs: a revolutionary financial institution

In its early times the fair, whose medieval origins are certain, gave rise to a very large circuit where goods were exchanged and several events of international implication – such as the Fair of Champagne – were held. These exhibitions acquired their modern features only after the seat of the fair was transferred to Lyon in the 16th century; here they became progressively specialized until trade in goods and money neatly separated into fairs of goods, such as the well-known ones of Champagne, and exchange fairs.

Cassandro underlines that “during the Medieval Age, the fairs could have been found everywhere, without any geographical or political limit” (Cassandro, 2001a, p. 12, note 5). The 11th and 12th century Flemish fairs were the first examples of trade events carried out on an international scale, promoting commercial flows in the town of Bruges as years went by. Another example was the town of Antwerp (Van Houtte, 1952, 1966; Van der Wee, 1963; Van der Wee; Materné, 1993) which inherited, in a certain sense, the tradition of Bruges, though it adopted procedures that better fitted the requirements of a modern economy (Cornaert, 1957; Verlinden, 1978; Van der Wee, 1976).

The Italian “moneychangers”, who often operated abroad, grouped in a single guild organization, deserve a separate consideration. The guild was regulated by statutes for the protection of its members’ rights and had accredited consuls to the town authorities where the fairs were held (Molle, 1954). The Italian merchants from Asti were the first ones to reach the trading centres on the other side of the Alps in the 13th century, very soon followed by the Tuscan (at first from Siena, than from Florence and Lucca) Lombard and Genoese merchant-bankers (Reynolds, 1931). The earliest testimonies of the massive presence of Italian traders in fairs of international significance relate to trade events held in the French region of Languedoc (Combes, 1958), though the fairs of Champagne¹ are definitely the most studied cases where the Italian merchants were protagonists. On these occasions, commercial exchanges were carried out together with banking brokerage, which developed credit and cur-

¹ The most important works are: Bautier (1970), Face (1958).

rency exchange related tools (Cassandro, 1988). The Italian businessmen played a central role in this process thanks to their strong entrepreneurial abilities, as much as to influence the institutions of the fair and the trade of different goods that reached the French region from many European countries. The presence of the Genoese merchants, who took part in the Champagne events starting from the 15th century, became more intense the following century, when they were counted among the protagonists of this new type of fairs where financial bills of exchange (Cassandro, 1985, 2001b) were the only negotiated values.

The American economic historians North, Milgrom and Weingast remind us that the Earls of Champagne, feudatories in the region, had granted the early privileges and safe-conducts to merchants already in 1209, and those benefits were determined more in detail in 1290, by the end of the 13th century. Trade operators who wanted to establish a permanent representation in the area were offered both personal and property protection by the authority of the earldom; safety was guaranteed not only during the fair days but also all along the long journey that took the merchants from their countries to the towns of the French region (Milgrom; North; Weingast, 1990). The legal protection accorded to agreements and contracts initialled in these fairs was indeed the main reason for their success (Epstein, 1994, 2001; Munro, 2001).

The role of the merchant-bankers, who more and more turned their attention to financial operations, became more incisive with the fairs of Geneva in the 15th century (Bergier, 1960, 1963; Körner, 1980, 1989). Here, most of the Italian operators, though still partially devoted to the trade of luxury products, turned into professionals specialised in banking and all its different facets. The presence of Italian bankers was massive in Geneva; operators from Florence, Genoa and Lucca were the most influential ones. It is worthwhile to observe that at this point in time these economic operators were less “merchants” in the most traditional meaning of the word and more bankers working at high level on a European scale. As Cassandro widely explained, Geneva was “a bridge between the old and the new, between the medieval fairs – almost completely commercial meetings – and the new fairs of the beginning of Early Modern Times which will deal mainly with exchanges” (Cassandro, 2001b, p. 768-769).

In parallel with the events unfolding in Geneva, the fairs of Lyon² took off in the middle of the 15th century, until they completely supplanted the first venues within a few decades. Thanks to the Italian merchant-bankers, Lyon became the beating heart of the European economy in the 15th century: silk drapes, wool cloths, spices and other luxury goods were exchanged along the Rhone (Boyer-Xambeau; Deleplace; Gillard, 1991). The rapid growth of these fairs has frequently been ascribed to French public finance (Bonney, 1992, 1995; Dent, 1973), but it is likely to presume that their success could be attributed to the efforts of the Genoese and other Italian bankers as well (Cassandro, 1979). In fact, it is important to remember that in France during those years many drastic measures in monetary policies actually tended to weaken the institution of the fair, but provoked repercussions in the region's domestic economy instead (Spooner, 1956; Bonney, 1981). Therefore, around the Thirties of the 16th century, as French merchants and the Italian colleagues alike were clearly boycotting the Ligurian financial operators, the Genoese bankers were impelled to set up other fair locations. In 1535, a Genoese senate act established that exchange fairs were to be held in Besançon, in the Free County, under the protection of the emperor Charles V³. Starting from 1562 several fair locations followed one another, along an ideal route approaching the Italian territory, until the seat of the fair was transferred to Piacenza, under the protection of the Farnese Dukes, in 1579. The exchange fairs reached their maximum splendour in the following forty years; Piacenza became the main operating market, an increasing number of operators coming from all the European trading markets were gathered there together and the volume of trade was multiplied. Yet, in 1621, the Genoese bankers decided in a high-ended manner to transfer the seat of the fair to Novi, on their territory⁴. This act marked the beginning of a series of splits within the “*contrattazione*” of the bankers operating in the Italian fairs,

² Some classical works are: Brésard (1914), Doucet (1933, 1934, 1951), Silva (1959) and Gascon (1956, 1971). Also very useful, the monographical issue *Les foires de Lyon: passé, présent, perspectives* (1960). Some recent researches in Cassandro (1979).

³ Giacchero (1979, p. 39, 59), Gioffré (1960, p. 117). For this reason we speak of *Bisenzone fairs*.

⁴ On the Genoese fairs see the classical book by Silva (1969). For a new updated work see Marsilio (2008).

in the first decades of the 17th century⁵. In these years, the history of the exchange fairs was characterized by the simultaneous presence of different credit markets. Some Italian financial operators, first of all the Tuscans and Lombards, did not participate in the fair of Novi, they rather decided to continue to hold their meetings in Piacenza, thus actually creating a secession in 1622. Nor the Venetians agreed on the decision to take part in the Novi fairs and, starting from 1631, they too set up a “parallel” meeting in the town of Verona. Starting from the 1630s, a whole network of Italian interacting but independent exchange fairs was thus created⁶.

In Venice, they were discussing the advisability of setting up fairs of goods and fairs of exchange on the Republic territory as an alternative to the Count of Tyrol, suggesting Verona as the most suitable place, already since a few years. In January 1631, after a nearly 20-year debate, the Venetian authorities passed a law proclaiming an independent fair of exchange, though still leaving a certain freedom of action to their bankers residing in the Dominion. This fair was, with many vicissitudes, a rather weak institution due to the scarce presence of operators; it received a cold welcome from both the domestic and – especially – the foreign circuit, and was therefore doomed to failure.

At the end of the twenties of the 17th century, the merchants of Bolzano too had been granted a first series of privileges by the town authorities in order to stimulate commerce in their town⁷. The efforts to reorganize the town old fairs – personally supported by archduchess Claudia de’ Medici of Tyrol – intensified during the first years of the following decade, and led to the establishment of the Merchant Magistrate in 1633. Nevertheless, in the following two years, the town authorities and the merchants agreed to make a few amendments to the fair regulation, whose final draft would be drawn up in Italian and German in September 1635⁸.

⁵ An example of a Genoese company operating on the exchange fairs during these years is in Álvarez Nogal, Lo Basso and Marsilio (2007).

⁶ Details on these sessions of the bankers’ group are in Marsilio (2010).

⁷ Canali (1942). The most recent works are Denzel (2006) and Denzel and Bonoldi (2007).

⁸ Canali (1942). A copy of the laws of the fairs of Bolzano is available at the Bayerische Staatsbibliothek (*Privilegium...*, 1649).

The decline of the Genoese fairs started from the second half of the 17th century, when they began to lose their monopoly on the European credit market, although still having a strong influence in the money market, at least until the meetings were temporarily transferred to Sestri Levante in 1693 and, definitively, to Santa Margherita Ligure in 1708. The choice of two small centres of the Eastern Ligurian Riviera confirms then the more local scale of the Genoese fairs at the end of the 17th century.

As far as the operation of this complex credit market is concerned, exchange fairs may be defined as a credit market through which a considerable amount of money was moved from one place to another. These flows of money generated large profits when the lucrative investments reached maturity. The fairs were well-established institutions that rhythmically and cyclically marked the time of the European financial calendar. The fair allowed to concentrate a large amount of money in a few days time and in a single place and to put it at once at the disposal of the circuit of credit in forms of loans that would be refunded after three months during the following meeting.

Each of these fairs lasted eight days and could not be anticipated, but only extended according to needs; the extensions were decided on in Genoa and must be approved of and ratified by the Senate. The “*trattanti*”, the bankers who took part in the works, usually met at the consul’s residence, where he was given hospitality. They wrote notes on their “*scartafaccio*”, the fair register where credit and debit operations were posted, which was afterwards handed over to the chancellor of the fair⁹ in order to allow negotiations to start. The second day, bankers came to an agreement to offset their positions and to draw up a first provisional balance. The third day the prices of currencies coming from the main European marketplaces and the bills of exchange due date calendar were fixed. The fourth day, the letters of exchange and the price lists (*listini*) were sent, and the message previously sent containing notice of acceptance of the bills of exchange settled the first fair day were answered¹⁰. The fifth day a book (*libro del calcolo*) with places and dates of acceptance, the exchange rates, and the marketplaces where those

⁹ The Genoese notary supervising the fair’s work.

¹⁰ The best price lists are pointed out in McCusker and Gravesteijn (1991).

operations would be settled was filled in. The sixth day was devoted to draw up the final balance; the incoming answers to the letters previously sent allowed to offset many positions, in particular the outstanding transactions; the Chancellor went to see the bankers and made a note of all protested and outstanding entries on his book. The seventh day each operator audited the figures on his fair register (*scartafaccio*), wrote down the addresses of the bankers, swapped bills of exchange duly signed and registered the payments received. The eighth day the bankers handed “the balance-sheet” over to the consul, who declared the fair officially over¹¹.

Fairs transactions were possible as the agents were given instructions about how to comply with the necessary procedures. These messages were communicated through two particular type of commercial letters: the letters of fair (*spacci*) and the bills of exchange (*tracta*). The letters of fair contained the operating instructions required to settle the exchange agreement. The letter of exchange, which in its early phase was only a complement to the agreement, acquired in time an increasing value. The physical exchange was actually carried out and settled only through the bill of exchange containing the order of payment sent to the agent in the fair (Felloni, 1999, p. 94). The exchange agreement stated that the party receiving a certain amount of currency present on the marketplace was bound to have someone to pay an amount of currency of different monetary quality but equal value in another marketplace.

Being the fair the “market” where the compensation in different International currencies took place, we must underline that the exchange fairs had a peculiar “monetary system”¹². This system was based on a “fixed ratio” between the currency unit – the “*scudo di marco*”, a kind of “imaginary money”, and the “*scudo d’oro delle cinque stampe*” (“five towns’ gold coins”), which represented the “real coin”¹³.

¹¹ For a full description of the calendar of the exchange fair’s works see Marsilio (2009).

¹² The best description of the monetary differences between the Lyon and Novi exchange fair is in Amato (2008, p. 143–153).

¹³ On the “imaginary money” see Einaudi (1936), Fantacci (2005a, 2005b, p. 197–205, 2008).

2. The establishment of the Bank of Amsterdam: new ideas in the North

Another important financial institution – the Amsterdam Exchange Bank (Quinn; Roberds, 2005, 2006, 2007) – was established within the European credit market to coincide with the development of the Genoese fairs. This bank was meant to be a definite achievement in the development of monetary policy of the United Provinces¹⁴. The Bank of Amsterdam, whose institution had been strongly supported by the merchant class, was created in the wake of the establishment of several other European public banks¹⁵ in order to facilitate payments, which had become chaotic due to the large amount of different currencies circulating in the United Provinces (De Simone, 2002, p. 67).

The rapid and hasty growth of international trade¹⁶, which brought heavy repercussions on the United Provinces business, paved the way towards the creation of the Bank. The Republic was showing a growing need for an “international currency” caused by the sudden rise of commercial transactions with Eastern countries carried out by the newly-born India Companies, in particular the Vereenigde Oostindische Compagnie. A stable currency, “universally” accepted and with a fine-metal content, in one word “reliable”, was the fundamental factor of the new *emporium universalis* that Holland was rapidly preparing (Israel, 1989; Wallerstein, 1980, p. 25-71; Braudel, 1977). Therefore, the Amsterdam money market found itself, in the beginning of the 17th century, in the *Confusión de confusiones* (De la Vega, 1688), as the monetary circulation in each State was, in the modern age, made up by both domestic money and a multitude of “foreign” currencies (Vilar, 1974).

With the Union of Utrecht in 1579, the United Provinces made an attempt to establish common coinage standards concerning new coins to be put on the domestic market, but those laws were often unenforced (Hart, 1993). After the revolt against Spain, none of the Provinces wanted to relinquish their mints and a certain degree of independence

¹⁴ For a general reference see the classical work by Van Dillen (1933).

¹⁵ The “Banco di San Giorgio” in Genoa, the “Banco di Rialto” in Venice and the public banks of Naples, Hamburg and Nuremberg.

¹⁶ In particular, see Spufford (2005, p. 18-30). See also Spufford (1995).

as far as monetary policy decisions were concerned. More tangible interests, such as seigniorage collection, were adding to ostentation of independence and freedom. Hence, it is easy to understand that the most urgent need was to order and limit the chaos generated by the excessive coinage. Notwithstanding the commitment to reduce to a minimum the authorized mints, they could only be cut down to a number of 14; this overproduction led to a galloping monetary debasement (Sargent; Velde, 2002). Monetary tension came at its height right in the years of the greatest military effort of the young United Provinces (Fritschy, 2003). The almost chronic state of war which saw the Provinces at first rebelling against the Hapsburg domination (1568–1609) and then taking part in the “global” Thirty Years’ War (1621–1648) was heavily affecting the Dutch public finance (Neal, 2000).

A further hindrance to the money market was the simultaneous presence, in those years, of moneychangers and cashiers. Moneychangers, coming daily in contact with a large amount of different currencies minted in the various countries, had the opportunity to legalize the ancient and very common practice of *bicquetteeren* that was the custom of hoarding and withdrawing from circulation full-weight coins with high intrinsic value in order to exchange them for light coins.

The Amsterdam town council did consequently consider, in 1606, the request made by many financial operators concerning the advisability of establishing a public bank (Puncuh; Felloni, 1991) based on the model of the Rialto Bank (Romano, 1962, 1964, 1980)¹⁷ opened in Venice in 1587, thus following the examples of Venice and Seville. Three years later, the town council passed a law establishing the *Amsterdamsche Wisselbank* – Amsterdam Exchange Bank (De Simone, 2002, p. 67) –, with the purpose of taking over a public service monopoly. The bank mission was to preserve metal integrity of the coins circulating within the United Province, so that the florin intrinsic value would not diverge too much from the official foreign exchange value (Gillard, 2004, p. 302–304).

As De Simone sums up, public banks functions in those years could be synthesized as follows:

¹⁷ The best essay on the European economic and monetary trend of the first years of the 17th century is Kindleberger (1991).

- a) Acceptance of deposits of money that they undertook to keep in safe and to return on customer's request without any interest allowed on deposits.
- b) Issuance of endorsable receipts to depositors, their credit with the bank could thus be transferred to third parties.
- c) Payment of sums of money to third parties on customer's written order.
- d) Payment to third parties by means of "giro" systems (De Simone, 2002, p. 60).

The Bank of Amsterdam activity was as well essentially based on deposits and giros; operations relating to single records were carried out in "bank money"¹⁸. There was a neat difference between current money and bank money – the Bank internal unit of account with a fixed metal equivalent (Fantacci, 2005a, 2005b, 2008; Amato 1999).

According to the establishing law, the Bank's tasks were the enhancement of the liquidity of the economy and of contract reliability. Opening an account with the Bank was furthermore interesting for operators because the local government was bound *in solidum* with the debtor. The main objectives of the new Dutch institution were currency exchange recovery and fluidity of commercial transactions. Besides that, the bank undertook, in particular, the responsibility to regulate the quality and quantity of the monetary reserves spent in international payments (Gillard, 2004, p. 71), but it was forbidden to keep bullions in its coffers, the gold and silver collected were therefore to be sent to all country mints, by rotation (Van Dillen, 1964, p. 88).

The statutory regulation provided, all along the 17th century, that the Bank could grant advances on securities and discount bills of exchange only to the two India Companies and the town municipality (Vilar, 1974, p. 270-276). It is worthwhile to be mentioned, as a further proof of the international dimension of the Bank, the opportunity of opening an account granted to all foreigners, unlike what happened at the bank of Hamburg (Gillard, 2004, p. 77) in the same years. As the Bank didn't open credit lines through current account overdrafts, it can be viewed

¹⁸ On the money of account in the Netherlands in the long run see Jonker and Gelderblom (2014).

as a simple clearing house providing services for account holders' commercial transactions with the important effects of reducing transaction costs¹⁹ and increasing money circulation velocity. Estimates made by De Vries and Van der Woude show, for instance, that in the middle of the 18th century the value of transactions settled with the Wisselbank exceeded 10 million florins per day (De Vries; Van der Woude, 1997, p. 700-702).

In conclusion, the Bank of Amsterdam could benefit of a triple "institutional" backing: political, as the town authorities protected its independence; judicial, as the Bank business was not subject to ordinary law; moral, due to currency convertibility guarantees covering customers' funds (Gillard, 2004, p. 65-72). However, the most interesting and innovative aspect of the Dutch town monetary market was that any bill of exchange whose value was equal to or greater than 600 florins had to be paid at the Bank; this measure of regulation had already been adopted by the Venetian Bancogiro (Banco del Giro).

Within a twenty-year period, the example of the Bank would be followed by other towns such as Middleburg (1616), Delft (1621) and Rotterdam (1635). Originally conceived as competing institutions based on the model of the Bank, they ended up forming, together with the Wisselbank, a banking network with ramifications all over the Provinces. Once recognized the international supremacy of Amsterdam, all the other marketplaces – with Rotterdam in the lead – afterwards started a dynamic domestic exchange market. Whereas on the one hand this new banking network helped to concentrate customers on pole of Amsterdam, on the other hand it was highly appreciated by the clientele (Gillard, 2004, p. 74).

The Amsterdam Stock Exchange was, together with the Bank, another basic institution of the town. Established in 1561, it was the most important stock exchange in Europe, and dealt in government securities, bonds issued by both East and West India Company, transferable bonds and shares issued by different companies operating in the international trade sector, the insurance industry, and various businesses such as paper manufacturing and sugar production (De Simone, 2002, p. 58-60). In the beginning, the Exchange building could contained 500 people, among

¹⁹ No commission was requested by the bank.

which 300 were – already in its first years – official brokers dealing in money exchange, each with a portfolio of about 15 important customers. Together with those “sworn” brokers (as they hold a municipal license) there was a proliferation of pedlars operating in the town coffee houses where *rumors* of the Stock Exchange played an important role. Those unofficial brokers supplied their transaction services to less-demanding customers as to their professional qualities and solvability of buyers (they didn’t have any town authority backing nor bank guarantees).

Technically, exchange quotation on the Amsterdam Stock Exchange followed very precise rules, which became international operating standards and were then adopted by the other European markets. The swear brokers used to gathered around two pillars placed in the stock exchange hall and reserved for them in the afternoon – every 15 days in its early times and, starting from the 18th century, every week – with the purpose of checking the supply and demand of foreign credit. There, they fixed the official price according to the volume of payment or collection orders received from abroad and the prices for all market-places in accordance with the order of importance set by the operators. This procedure involved a certain degree of uncertainty in currency prices due to the information asymmetry relating to initial quotations. The hours spent to carry out this delicate fixing process might offer interesting opportunities of speculation to operators; besides, there also might be at times situations of extreme uncertainty where, on the basis of the exchange lists, they were obliged to fix a maximum and minimum price spread for certain currencies.

Within the Bank of Amsterdam, the counter was entrusted to a new figure: the official cashier, an evolution of the simple private money-changer. Together with the cashier, a new category appeared in the exchange market and became the main protagonist of the 17th century: the merchant-banker of private statute. This figure was like something between the broker – which in the beginning simply carried out Stock Exchange orders – and the cashier – who was only responsible for the collection of overdue bills. The most important duty of a banker was, in all countries, the issuing of letters of exchange on behalf of importers and exporters of goods in order to facilitate payments in foreign currencies. He was then mainly involved in writing the letter of conversion of one currency into another and in paying or collecting the equivalent

in the local currency the client wanted to exchange. Bankers also offered advances against very short-dated securities (especially to brokers) and received many foreign letters of attorneys authorizing them to purchase shares on the Amsterdam Stock Exchange (Gillard, 2004, p. 240).

Thanks to the growing role of these great bankers, Amsterdam had the merit of regulating the multilateral arbitrage system for international payments. This new bank's presence made the town an extremely safe – and thus attracting – market of payments through which monetary interconnection spread all over Europe contributing to the creation of numberless bills of exchange agreements among the members of this international financial network and prompting them to work out – thanks to the information in their possession – strategies for continuous exchange on the different markets (Gillard, 2004, p. 240-242).

As J.-P. Ricard, a witness of the time, told us in 1723²⁰, thinking of the knowledge required to deal with the subject matter, very few were the operations that escaped the attention of merchant-bankers. They had to know usages and customs of the various commercial market-places (Gillard, 2004, p. 240-242), their accounting techniques and the possible insolvency risks of the international markets.

The exchange market can operate properly only when supported by a network of information and agents as much widespread and reliable as possible. The development of payment networks started in Europe from the moment when letters of exchange circulation was granted legal protection and professional relationships became more stable and cohesive. The network was built through a socialization procedure where neither automatism nor anonymity were possible; here a small number of individuals recognized one another by reason of their family or community ties and exchanged favours in business. Reliability and strength of the habits acquired was another reason for the network long lasting success; it was a mechanism that eased socialization and experience valorisation, and the benefits obtainable grew according to the number of participants. Differences of price for the same currency quoted on different markets were then brought to light by these relationships, which also helped to reduce risks relating to solvency guarantee of the bills of exchange issued in foreign markets.

²⁰ The work of Jean-Pierre Ricard, *Le négoce d'Amsterdam* (Amsterdam, 1722), is cited in Gillard (2004, p. 240).

3. Comparing two key financial institutions

Two distinct scenarios arise from the analysis of these two institutions – characterized more by their divergences than by their similarities. Even if both institutions operated on the same financial scenario, the two systems started from different backgrounds. The Genoese fairs, that inherited the features of a time-honoured institution which improved itself through the subsequent stages of Geneva, Lion and Novi, represented the final stage. They reached their highest level of success between the end of the 16th century and the beginning of the 17th century; almost all European international transactions were settled right in Piacenza every three months. The prime mover of the Besançon fairs was above all and more than international commerce, the enormous volume of transactions generated by the Spanish Crown's public debt. The Castilian *asientos*, generating a chain of payment that kept financial operators busy for decades, were undoubtedly the flywheel of the fair. On the other hand, the Bank of Amsterdam should be considered the new protagonist of the early seventeenth century European finance as far as the Genoese exchange fairs were no longer able to stand the pace of the new economic and financial scene of the century and started, therefore, a constant and definite decline. The beating heart of European commerce and trade moved then to the north where the recent, intense colonial expansion and the increase of commerce required more and more effective, reliable and quicker financial tools. The international market could no longer afford to be dependent on an institution such as the fair, where currency-prices fixing occurred every three months while in Amsterdam it was a daily process on which a very modern credit market was based. Therefore, as far as the exchange operations were concerned time was of the utmost importance: as a matter of fact, all payments were to be concentrated and settled within the few fair days, with a quarterly deadline, already at the time of Lion and, again, of the Genoese fairs of Novi. In Amsterdam, the Bank offered a daily clearing service, so that operators did not longer worry about the strict bills collection/payment due date/register.

When compared with the Besançon fairs²¹, the Bank is a new insti-

²¹ See Amato (2008).

tution that strengthened the European financial system through a more incisive and, somehow, modern regulation of the market of money. The Bank, thanks to its capability of granting a fixed exchange rate between deposits of metal coins and their accounting value (bank money), tried to meet two urgent requirements of the Dutch world of commerce and finance: the need for a bank of deposit and change, but above all for a “guarantor” of foreign trade and international payments. As an “exchange bank”, the Wisselbank could be compared with the centralised exchange fairs of the Renaissance.

The most manifest characterizing element of both institutions was the variety of abilities required to operate on the two distinct markets. Exchange operators thoroughly embodied all of the professional skills necessary in modern age finance. The studies carried out by economic historians have rarely highlighted the significance of their role, even though the way they operated supplies information also useful to understand the profession of a modern banker. The skills required were: understanding of fluctuations of both the financial market and the political situation, sagacity, foresight and, last but not least, the ability to make rapid decisions in order not to lose interesting profit opportunities. The finance professional had to be able to interpret the market signals about a series of economic indicators, such as trends of currency exchange and interest rate, and to put them into practice in a tangible and efficient way. This action, moreover, had to be respectful of the principles shared by a professional group where the operator’s skills were judged most of all on the esteem and confidence with which he was regarded.

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PRIVILEGIUM über diejenigen Capitul, Regl und Ordnungen, so durch die Fürstl. Durchl. Herzogin Claudia zu Oesterreich [...] denen auff die Botzner Märckt negociierenden Teutsch- und Welschen Kauff- und Handelsleuthen [...] zu halten gnedigste bewilligt [...] worden [...]. Ynßprugg: Paur, 1649. Bayerische Staatsbibliothek, München, 4 MERC. 135, 8.

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