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**ABOUT THE HISTORY OF PUBLIC BANK IN NOVGOROD PROVINCE  
(1865-1918)**

In the middle of the XIX – beginning of XX century the representatives of Russian and in particular, the Novgorod business community was increasingly worried about insufficient development of the provincial loan. Yesterday's serfs, artisans, wealthy merchants, unlike big business, could not use the services of private and joint-stock commercial banks due to the short-term nature and the high cost of their loans.

The state and County agencies were unable to help all in need of loan. Interested circles of the population were ready to solve this problem without waiting for a major assistance from the Treasury.

One of the successful steps in this direction was the establishment of provincial centres of the Empire city public banks, which operated on the basis of specially designed in 1862 Situation. According to its basic principles, the main purpose of these banks was not achieve immediate commercial benefit of the founders, and the development of the system of public credit and improvement of the General economic situation within counties and provinces. City banks functioned as a public financial institution established on motions of urban societies. Their rule was controlled by, respectively, urban doom. In addition, they were accountable to the Ministry of Finance and the Ministry of internal Affairs, which, if necessary, he reserved the right to intervene in their Affairs.

City banks were permitted promissory note operations, issuance of loans secured by real estate, interest rate securities and jewels, receiving deposits, buying and selling securities, etc. Banks were cautious and allowed a reasonable extension of the rpm to better meet the needs of the population, which was achieved by the relatively small size of the charged interest on loans and bills (7% to 10%). The Bank paid on deposits from 2 to 6 % per year. In addition, there was a possibility of unlimited credit and other incentives to customers.

City banks has proved so useful for provincial entrepreneurs in the Novgorod province from 1864 to 1882, they were discovered in 7 of 11 County centers: Novgorod, Staraya Russa, Borovichi, Tikhvin, Cherepovets, Kirillov and Belozersk. In Russia their number increased from 21 in 1857 to 239 in 1899, As already noted, these credit agencies were permitted almost all the basic operations common to the banking sector generally: bills, issuance of loans under mortgages, Deposit taking, purchase and sale of securities, etc. The main operation public Bank and main source of income was the discounting. So, in Novgorod and in 1882 the Bank had discounted bills on 1 million 400 thousand rubles. [1]. The overwhelming majority of them were significant — up to 500 roubles (50 % from total and 10% of the total records) [2]. It was also the most risky of Bank operations: loss from unreliable promissory notes and violation of accounting rules amounted to an average of 1 thousand to 10 thousand rubles per year (over 10 % of total records) [3]. However, it brought the banks and the highest profit. For the loan of

large urban banks in the province, such as the Novgorod Bank, Staraya Russa Bank, he was charging clients with 8-9 %, and less significant, as, for example, Cyril Bank, and up to 15 %. Promissory notes accounted for up to 9 months. (with a delay of three months), however, in practice, allowed highly undesirable and dangerous to the banking business correspondence bills of customers on new terms.

The loan inferior bills by size of turnover in 2-3 times. For example, in Novgorod Bank in 1882 was granted a loan only 472 thousand rubles to 1 million 400 thousand rubles bills of exchange discounting [4]. Loans were given under a pledge of securities — stocks, bonds, etc. (up to 70% of the total amount of issued loans), as well as under real estate, commodities and precious things. For the use of urban public loan banks charged under the securities 7-8 %, while for other types of collateral and up to 12 %. This operation also had a certain commercial risk. For example, in the Staraya Russa Bank in 1910 shortfall on loans for all types of deposits amounted to more than 44 thousand rubles [5].

Important and responsible work in urban public banks were regarded as accepting deposits, as they attracted the bulk of their operating funds. However, significant accumulation of deposits there is a risk of bankruptcy in the case of simultaneous removal of clients. In this regard, for example, the Novgorod Bank in 1883 — 1891 years had to reduce the number of deposits in two times — from 870 thousand 411 thousand rubles. [6] (as prescribed by the new rules of the Regulations on urban public banks 1883). Deposits are taken at a certain period of time, demand and current account with payment customers from 3% to 7% per annum.

The remaining operations in urban public banks Novgorod province has not received significant development.

A special place in the activities of these credit institutions took charity. 1890 the amount transferred for these purposes urban banks in the province, exceeded 0.5 mln. rubles. [7]. These contributions, as already noted above, were binding and could have a large size. Such payments to Bank in Novgorod in the late XIX — early XX centuries amounted to one half of all profits (from 4 thousand to 10 thousand rubles per year) [8].

For almost the entire studied period the Novgorod city public Bank was the leader among similar credit institutions of the province. Turnover for all operations were 2-10 times higher than the rest. Only in 1890 — 1910 Staraya Russa Bank and Cherepovets Bank came to Novgorod Bank, and in some aspects even surpassed it.

Thus, despite the shortcomings in the activities of the public Bank of the Novgorod province, none of them was closed, and the biggest of them — Novgorod Bank, Staraya Russa Bank, Cherepovets Bank — the main indicators traditionally included in the first hundred among similar credit institutions of pre-revolutionary Russia.

#### Notes

1. The Russian state historical archive (RGIA). F. 583. Inv. 2. Un. 563. S. 1-199.
2. Ibid. Un. 564. S. 244.
3. Ibid. Un. 561-564.
4. Ibid. Un. 563. S. 1-199.
5. Ibid. Un. 836. S. 1-76.
6. Ibid. Un. 562. S. 61-61.

7. Information about public banks. St. Petersburg, 1898. S. 145.
8. RGIA. F. 583. Inv. 2. Un. 563-564.