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**BANKING REFORM AND DEVELOPMENT OF THE BANKING SYSTEM  
IN THE RUSSIAN EMPIRE IN THE SECOND HALF  
OF THE XIX CENTURY: HISTORIOGRAPHY**

*The procedure of banking reform development and the process of formation of the banking system in the Russian Empire in the second half of the nineteenth century is considered in assessments by historians and financiers. The purpose of the study is historiographic analysis of the coverage of banking reform in the Russian Empire in the second half of the nineteenth century. Basic methods of scientific knowledge: historically comparative, retrospection, and scientific induction. It has been established that the European banking system arose naturally on the basis of private capital, while the Russian arose in the way of working out normative acts and the hard policy of the state. The stimulus for the banking reform in 1860 was the development of railways. Progressive ideas on the creation of a European banking system were countered by Russian bureaucratic circles; instead, there were introduced mutual-lending societies in the status of subsidiary institutions of the State Bank, which also acted under its control. Private joint-stock banks also subordinated their interests to the state. In general, the achievements of the banking reform of the foreseeable period have been approved by contemporary Russian and Ukrainian historiography, while eyewitnesses of the events in published works have critically evaluated the success of the banking reform.*

**Key words:** *the Russian Empire, banking reform, banking system, State Bank, historiography.*

In the second half of the nineteenth century the financiers and politicians of the Russian Empire were supposed to respond to the challenges of time with clear reformist steps in the banking sector. Current politicians gained considerable experience in the field of reforming the banking system, which has not lost relevance to modern generations of reformers, especially as regards the awareness of the depth of the mistakes made. Then the problem of attraction of foreign investments into industry and the transport network arose, because the railways became instruments of transnational policy. At the same time, diversified forms of entrepreneurship, a rapidly expanding network of banks and insurance companies in Europe, and the lack of a clear legal framework for the activities of these institutions in the Russian Empire created significant barriers to interaction and economic progress.

An important contribution to the study of this issue was made by foreign and domestic historians and financiers. Especially valuable is the study of financiers, written from the historical approach. In particular, among Ukrainian authors it is worth mentioning works of

generalization of T.O. Sharavara [13], and special – A.O. Tkachenko and I.V. Tkachenko [10]. Among the contemporary Russian scientists, the researchers who identified the general vectors of the contemporary society of the Russian Empire V. Kudriashov [6] and A. Fursenko [12] and made clear estimates in the field of the formation of the country's banking system – A.G. Andrieiev and D.V. Nikolskyi [1] V.M. Pushkariova [7], N. Rosynska [8], N. Fadieikina [12], and others made a significant contribution to the development of this issue.

Given the considerable interest of scientists in the above-mentioned topic and its relevance to similar problems in the financial industry, we aim to carry out a historiographical analysis of the coverage of banking reform in the Russian Empire in the second half of the nineteenth century. The basic methods of scientific knowledge were historically comparative, retrospection, and scientific induction.

As the historian T.O. Sharavara points out, plans to create a new banking system in the second half of the nineteenth century were developed by a narrow circle of young economists with the Minister of Finance Oleksandr Kniazhevych. He was helped by acting Minister of Internal Affairs Mykola Miliutin; Director of the Special lending office, Senator and secret counsel Yulii Hahemeister; manager of the Committee of Railways, and since 1859, also a member of the Council of Minister of Finance Mykola Reiter and rector of the Kiev University professor of political economy Mykola Bunge. This group was characterized by progressive views and was based on contemporary European approaches to the solution of the task. They opposed state interference in the country's economic development, and the private initiative, corporatization of industry and banks considered the basis of economic development. The main obstacle to progress was considered the system of state-owned (state) banks [13, p. 132].

The reformers faced a difficult problem, since the European banking system was formed naturally on the basis of private funds and gradually developed its regulations, in the Russian Empire until 1860 the banking system was monopolized by the state, and private banks did not exist. So, first of all, it was necessary to develop the normative base of reform, and then to allow the emergence of private banking institutions [12].

The reform of the banking system began with the signing of the decree of April 16, 1859 on the suspension of the issuance of loans under populated estates. A month later, a commission for the formation of Zemstvo banks, led by Yu. Hahemeister, began to work. He studied the experience of banking in Western Europe, the Polish kingdom, and in the paper «Theory of Taxes...» [2] advocated the idea of transition from the system of state-owned banks to private, and also supported the full independence of Zemstvo banks. The State Council did not adopt the draft Law on Land Credit Societies and Land Banks by Yu. Hahemeister. At the same time, the situation was complicated by the process of liquidation of state-owned banks, which led to a lack of credit institutions in the midst of capitalist relations. An eyewitness to those events V. Kokoriev in the essay of historical content emphasizes that the result of the reform was that in the late 1850's of all credit institutions acted only Livland nobility credit union, the Estland noble lending office, the Ezel peasant bank, Zemstvo credit the Association of the Kingdom of Poland, the Kurland Credit Union, the Alexander Noble Bank in Nizhny Novgorod, several dozens of city public banks and a small number of bank houses along with exchange shops. And this is in a country with a multimillion population and significant potential industrial capacities [5].

Banks of the European type of joint-stock type in the form of mutual credit societies have not been opened for a long time due to the lack of prerequisites. Despite the significant distrust of all new in published publications, we find the thesis that projects for the creation of a new banking system came to officials on a regular basis. The Ministry of Finance and the State Council were faced with the fact that all the projects of the formation of private banks contained a request for loans and privileges from the state. In the majority of the projects analyzed by the researcher I. Hindin, the creation of mixed-type banks was proposed,

which, like the European ones, specialized in commercial, mortgage and industrial loans at the same time [3]. However, in Russia, no such project was approved. And only when the Minister of Finance became M.Kh. Reiter's idea of creating banks in the form of mutual credit associations, joint-stock commercial banks, joint-stock land banks and stock pawnshops began to be implemented [3].

Consequently, there are reasons to believe that the progressive ideas of reforming the banking system of the empire were dominant only by the mid-1860s and were significantly counteracted at the implementation stage of the reform. First of all, obstacles were on two important directions of changes in economic policy – in railway construction and money circulation. According to financiers, since 1865 rail transport has not received any support of private capital, the exchange of credit notes on metal money also failed and under these circumstances the formation of joint-stock banks and mutual crediting societies took place at a rather slow pace, and mixed-type banks, projects of which were discussed by the specialists and were not allowed. As an experiment in the most favored manner, the St. Petersburg Mutual Crediting Society (1863) and the St. Petersburg Private Commercial Bank and then with the support of the Finance Ministry and the State Bank operated. Published publications show that the St. Petersburg Mutual Crediting Society arose with the active support of E.I. Lamanskyi, who headed it, while being on the post of state bank managing. This company was formed to serve the commercial and industrial activities of its members, but significant funds also aimed at issuing loans for securities. Thus, during the period from 1863 to 1871, the company became a subsidiary of the State Bank and acted to support the railway companies and the first joint-stock banks and, consequently, participated in the formation of the domestic securities market. As I. Hindin wrote: «At this time, as stated in the document of the Ministry of Finance, for the issue of securities, shares and railway bonds – the issuance of loans for these securities is useful, because it promotes rapid concentration in the hands of small capitalists» [3, p. 355].

Consequently, this society became the embodiment of economic policy of the state formally not being in the structure of the State Bank and used the forms and methods of work that the State Bank could not use itself. It should be emphasized separately that the incentive for the formation of a joint-stock banking system gave rise to the development of rail transport. As a rule, entrepreneurs did not have all the necessary amount of money to make it to the State Bank as part of fixed capital before the announcement of an official public subscription for shares of their company. So the company's task was to advance this share. K. Skalkovskyi, a well-known biographer, emphasized that ordinary passersby could quite often observe how the borrowers (bearers) sacked money from the company's cash desk to the State Bank cashier and vice versa. All accounting and loan operations of the St. Petersburg Mutual Credit Corporation as of 1870 amounted to 40.5 million rubles., of which transactions for registering bills were 6 million rubles. The main mass is 34 million rubles was used to issue loans for securities [9].

Thus, the first private St. Petersburg Joint-Stock Commercial Bank was formed in 1864. Like the St. Petersburg Mutual Credit Society, it was founded with the support of the State Bank, whose Board agreed to provide financial support and buy 20% of the Bank's shares for 1 million rubles over the course of 10 years at the same time, to give in favor of other shareholders 5% dividends on these shares. The terms of distribution of profits were not prescribed in the charter and were determined by additional time agreements. For such significant actions, the State Bank demanded the introduction of one of its representatives into the board of a commercial bank, and the second to provide the post of deputy of the bank. St. Petersburg Private Bank was entrusted with operations on stock and currency exchanges in those situations where the State Bank was not able to influence the course of the credit ruble and rates of government securities. As a vivid example of the need for such powers, current researchers point to the April World Market Panic of 1866. In particular, in

the Russian Empire there was a sharp decline in the exchange rate, which immediately used speculators. Thus, the St. Petersburg Commercial Bank together with the Banking House Viniken and Kobylko were confidentially charged with counteracting speculators by selling their bills on the market. In the spring of 1867, the same bankers were charged in a similar way to counter the fall of the bill exchange rate. As a result, the debt from the St. Petersburg Commercial Bank of the State Bank for the redemption of bills as of 1873 reached 4 million rubles. Subsequently, similar operations were started by the established St. Petersburg Loan Bank, headed by Minister of Internal Affairs P.A. Valuiiev According to modern Russian researchers, the banks that arose later, of course, did not have such privileges, but they also received significant support. As an example, historians refer to the formation in 1866 of the Moscow Joint-Stock Merchant Bank in 1866, to which the State Bank provided a loan that exceeded its authorized capital. This bank was mainly financed by textile enterprises and until the beginning of the twentieth century. was the second largest asset in the state [8; 12].

As it is known from the historical essay devoted to the history of Kaluga merchants, I.I. Bilibin himself was the head of the department (1899), he came from Kaluga merchants, has repeatedly emphasized that the state's attitude to the Finance Ministry and the State Bank to the joint-stock banks could be called the policy of planting and cultivating. And although transactions with private securities for the bank were non-core, he still bought 500 shares formed in 1896 by the Russian-Chinese Bank [4].

Thus, during the first 10 years of banking reform, in the end, Russia had only 5 joint-stock commercial banks and 9 societies of mutual lending. In general, as the entrepreneur and eyewitness of the reform process V. Kokoriev emphasizes, in Moscow a mutual lending society arose only in 1869, and later it was opened by two joint-stock commercial banks in St. Petersburg: the St. Petersburg Accounting and Loan Bank and the St. Petersburg International Commercial Bank. As of 1870, only 7 joint-stock commercial banks operated in Russia, while in the United States and Europe, there was a tremendous economic growth that was accompanied by the rapid construction of railways, and from 1865 to 1875, the length of the railroad tracks had doubled, which greatly stimulated the national economy, especially coal and steel industries. The growth of the world industry was accompanied by the intensive development of joint-stock companies. In European countries, the complex concession (licensing) mechanism of the formation of joint stock companies was replaced by a false (registration of the company on its occurrence), which contributed to the rapid emergence of new joint-stock companies. By contrast, the contemporary scholars observed that in the 1870's, 928 joint-stock companies and 138 banks were founded in Germany; in Austria – 642 joint-stock companies and 140 banks, even in the absence of the National Bank until 1867, and for the same ten-year period in England – 4241, the apparent lag behind the financial system of became more and more obvious [5].

The bourgeoisie of European countries began to play a leading role in contemporary societies, whereas the subjects of the Russian Empire existed under the conditions of the permissive system of the founding of societies. The world embraced an incredibly high issue of securities, the creation of a number of joint-stock companies, the rise of industrial production and led to the strong development of banking systems in European countries. Subsequently, the situation will end with the economic crisis of 1873. However, by that time the Russian Empire was in the process of developing financial reforms and the first steps of their implementation.

In general, in the empire complex and very gradual was not only the process of establishing the first joint-stock banks and mutual credit societies, but also the formation of the entire capitalist credit system. Current historians and economists called the slow pace of capital accumulation due to its geopolitical position as the main reason for this slow development. Thus, eyewitnesses of the banking reform V. Kokoriev, I. Bilibin, K. Sakalkovskiyi in the published works, critically evaluated the process of its implementation and the conservative

role of the state in it. Modern Ukrainian and Russian historiography in general demonstrate the approval of the activities of the then reformers, without actually resorting to the question of the controlling and leading role of the state in this reform. Further research needs to be addressed in the historiography of the formation of a network of joint-stock banks in the territory of the Russian Empire in the second half of the nineteenth century.

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**Мамоян С. Банківська реформа та становлення банківської системи в Російській імперії у другій половині XIX ст.: історіографія.**

*Розглянуто процедуру розроблення банківської реформи та процес становлення банківської системи в Російській імперії у другій половині XIX ст. в оцінках істориків та фінансистів. Метою дослідження є історіографічний аналіз висвітлення банківської реформи в Російській імперії у другій половині XIX ст. Основні методи наукового пізнання: історично-порівняльний, ретроспекції та наукової індукції. Встановлено, що європейська банківська система виникла природним чином на основі приватного капіталу, натомість російська – шляхом напрацювання нормативних актів і за жорсткої політики держави. Стимулом для банківської реформи 1860 р. став розвиток залізниць. Прогресивні ідеї створення банківської системи європейського типу зазнали протидії російських чиновницьких кіл, натомість запроваджувалися товариства взаємного кредитування у статусі дочірніх установ Держбанку, які також діяли під його контролем. Приватні акціонерні банки також підпорядковували свої інтереси державним. Загалом здобутки банківської реформи окресленого періоду знайшли схвальні оцінки у сучасній російській та українській історіографії, натомість очевидці подій в опублікованих працях досить критично оцінили успішність банківської реформи.*

**Ключові слова:** Російська імперія, банківська реформа, банківська система, Держбанк, історіографія.

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