

ABSTRACT

Spanish savings banks are a unique case in Europe. They were initially set up considerably later than their counterparts in the rest of Europe and America, and during the nineteenth century they were no more than modest savings and credit institutions with a strong non-profit motive. However, later on they developed a social and economic character that grew stronger and stronger, to the extent that in the last three decades they have become efficient institutions for deposit entities, they offer competitive financial services and they are an active part of modern business corporations. In fact, at present they occupy a similar position to that of the banks, they are subjected to the same regulations, and they represent 47.7% of deposits and 43.9% of domestic loans from Spanish deposit entities as a whole. This impressive progression has also affected the management and administration of savings banks. As business ventures that are not limited companies and which follow the foundation model, they have managed to occupy a competitive place in the financial system.

**EBHA – 2004 CONFERENCE
Barcelona, 16-18 September 2004**

J. Carles MAIXÉ-ALTÉS
Departamento de Economía Aplicada I - Universidad de A Coruña
Facultad de Ciencias Económicas y Empresariales
Campus de Elviña s/n
15071 A Coruña
Spain

Fax: 34 981 167070; Ph: 34 981 167000 (ext. 2569)
e-mail: maixe@udc.es

SPANISH SAVINGS BANKS: A DYNAMIC BUSINESS ORGANIZATION MODEL (19TH AND 20TH CENTURIES)

Joan Carles MAIXÉ ALTÉS
Universidade Da Coruña

1. Introduction

Spanish savings banks are a unique case in Europe. They were initially set up considerably later than their European and American counterparts. In the nineteenth century they were no more than modest savings and credit institutes with an important non-profit motive. However, they later developed a social and economic component which became more and more important, to the degree that in the last three decades they have become efficient deposit entities, they now offer competitive financial services and they form an active part of modern business corporations. In fact, at present they share the same role and regulations as the banks and they account for 47.75% of deposits and 43.99% of domestic loans from Spanish deposit entities as a whole¹.

Such unusual progress has earned them the attention of economics historians and economists. Today we are starting to get to know part of the history of these institutions, although there are still large areas which little is known about. To the works which have already become classics, such as those by Tortella (1974), Nadal and Sudrià (1983) and Titos (1979a and 1989) we can add more recent studies, such as those by Titos (1997, 1999 and 2003a), Martínez Soto (2000 and 2003), Lagares and Neira (2003), Comín and Torres (2003) and Maixé (dir.) (2003)².

Many aspects of savings banks still require detailed study, however, I wish to draw particular attention to the areas of institutional development and organization. I believe that these are the aspects of savings banks that have been examined the least. Specifically, in this paper I am going to analyze the business management and organization of Spanish savings banks. This business model has historically shown itself to be very dynamic and at present the savings banks constitute a key part of the Spanish services sector.

I believe that the best way to approach an analysis of this theme is by carrying out an integrated analysis of three different factors. The first of these factors is the insti-

¹ “Boletín Estadístico del Banco de España” (BEBE) (Bank of Spain Statistics Bulletin), data for April 2004. Banks account for 46.65% of deposits and 50.88% of loans, the remainder is accounted for by cooperative banks.

² These references are by no means exhaustive, for further details see Edo (2001) and the bibliography in Maixé (dir.) (2003).

tutional framework. The design of this structure has been influenced on the one hand by government policy, and on the other hand, by the complex dialectic of interests between banks and savings banks. The second factor has an endogenous character and is directly related to the property rights model, to the governing bodies of the entities and to their internal management. The third factor refers to the federal model and the associative dynamics that Spanish savings banks have developed; an aspect which has been extremely important to their stability and sustainability.

As a consequence of this analytical approach, this paper will consist of three main parts. The first of these will refer to the period 1835-1913, during which time what I refer to as the “statutory self-governance” of Spanish savings banks were developed, accompanied by a very traditional management model. In the second part I will examine the interwar period during which the idiosyncratic characteristics of these entities were consolidated, and the most innovative entities made their first tentative steps towards more modern management. Finally, I will consider the second half of the 20th century which was characterized by a strong contrast; during the period of the Franco dictatorship there was a fierce process of increasing controls which seriously affected the internal organization of Spanish savings banks, and the deregulation that then took place after the reinstatement of democracy in Spain, freed up all the potential of the system. In short, I am going to characterize one of the most notable cases of business modernization in the Spanish services sector.

2. 19th Century Spanish Savings Banks and Statutory Self-Governance (1835-1913)

The establishment of a liberal regime in Spain was an irregular process, made up of many advances and fall-backs up until the mid-19th century. Within this setting there were political exiles which had the beneficial effect of renovating political and social thought in Spain. In 19th-century Spain, much later on than in the Anglo-Saxon world, ideas about welfare and savings started to become prevalent³.

From the financial institutions’ point of view the delay was quite considerable. At the beginning of the 1830s, the country’s banking capacity was tiny, offset only by the presence of unincorporated private banks or merchant capitalists who performed a very important role in the 19th-century banking system (García López, 1989 and 2000).

³ Forerunners such as the “Monte de Piedad de Santa Rita de Casia” in Granada, which in 1772 started to act in a similar way to a savings bank, or the “Conde de Villacreces” savings bank, which was created in 1834 in Jerez de la Frontera, were no more than isolated exceptions, Titos (1976 and 2003b) and Lagares and Neira (2003).

The *Joint-stock Companies Act* was not introduced until 1848, and even then with a very restrictive character. It was not until the revolution of 1854 that progressive governments introduced a new *Disentailment Act*, the Railways Act and two banking laws which relaxed the restrictions in place on the system (*Bank of Issue Act* and the *Credit Companies Act*). The same thing was happening in the retail credit sector. Popular credit was in the hands of local moneylenders and pawnshops; it worked through the networks established in informal markets and the few official pawnbrokers that existed in Spain had very little influence on it⁴.

The legislative framework within which 19th-century Spanish savings banks developed took shape between 1835 and 1880. The starting point was the Royal Order of 3rd April 1835 signed by the Minister of the Interior, Diego Medrano, who instigated the first official disposition relating to savings banks in Spain⁵. The origins of the regulations can be found in the influence of liberal circles connected with political exile, in the programmes of the “Royal Economics Societies of Friends of Spain” (*Reales Sociedades Económicas de Amigos del País*) and in the Government itself. These entities came into being with some specific characteristics:

- Independent institutions with their own means (there are allusions to the philanthropy of the rich who were supposed to provide these resources)
- Their foremost objective was to increase the propensity to save within the working class as an instrument of social integration
- A preference for the investment of resources in the private sector and guarantees for the funds deposited

The interventionist character of these first regulations is ambiguous. On the one hand, the government’s role was reduced to one of urging the civil governors to encourage their creation. On the other hand, it explicitly stated that “public funds” should be “the safe and advantageous asylum for the savings of the poor,” although the text itself recognized that the financial situation of public credit did not allow such to be the case at that moment and advocated private enterprise. Finally, it avoided a subject which was tackled soon afterwards by the Royal Order of 17th April 1839: the connection between savings banks and official pawnbrokers, which was to be a unique characteristic of the Spanish system for many decades⁶.

⁴ For more details on popular credit see Montero Canerero (1983) and Martínez Soto (2001).

⁵ For an excellent analysis of the role of the Royal Order in the founding of the savings banks in Spain and the figure of their instigator Diego Medrano, see Lagares and Neira (2003).

⁶ This model was adopted following the creation of the Madrid savings bank in 1838 since its activity was specifically linked to that of the previous official Madrid pawnbroker.

Between 1838 and 1853 fifteen savings banks were founded, of which at least half a dozen were very short-lived. The weakness of this starting point corresponds to the underdevelopment of the banking sector in the country: Spanish deposits taken as a whole in 1850 represented 0.6% of GDP, while in the United Kingdom deposits in savings banks alone represented 5.4%, in Germany 3.5% and in France 1%⁷. The amount deposited in Spanish savings banks in 1853 hardly reached 4.2 million pesetas⁸, a low figure when we compare it to the 33.3 million pesetas in bank deposits or the 22.8 million pesetas of the recently created “*Caja General de Depósitos y Consignaciones*,” which (in imitation of the French system) became a source of capital for the public treasury (Table 1)⁹.

Table 1
Deposits in the Spanish Credit System (1850-1935)

	Market Share (in %)			Accumulative Average Rates in % (at fixed price) ⁱⁱⁱ			Total Deposits		
	<i>Banco Español de San Fernando</i> , Bank of Spain and <i>Caja General de Depósitos</i> ⁱ	Banks	Savings Banks ⁱⁱ	BESF, B of S and CGD	Banks	Savings banks	Amount in millions of current pesetas	Accumulative Average Rates in % (at fixed price)	Percentage of GDP ^{iv}
1850	52.4	31.6	16.0	-	-	-	25.3	-	0.6
1855	66.4	25.6	8.1	21.1	10.8	0.8	62.6	15.6	1.1
1860	89.5	7.6	2.9	48.8	10.1	14.3	339.1	40.2	5.9
1865	92.3	5.2	2.5	4.4	-3.9	0.6	408.1	3.8	6.8
1870	60.6	32.3	7.2	-27.0	14.5	-1.8	129.3	-20.5	2.2
1875	41.6	47.2	11.2	2.2	18.9	20.4	209.5	10.1	2.8
1880	41.5	46.5	12.0	16.2	15.9	18.0	463.9	16.3	5.3
1885	49.3	35.4	15.4	3.2	-5.6	4.7	475.1	-0.3	5.1
1890	58.0	27.9	14.1	14.2	5.4	8.6	692.8	10.5	8.2
1895	51.1	32.1	16.8	-0.3	5.1	5.9	706.2	2.2	8.6
1900	56.7	32.1	11.2	10.9	8.5	0.2	1 167.1	8.6	11.9
1905	45.0	38.5	16.5	-6.2	1.9	6.1	1 161.4	-1.7	10.7
1910	32.2	48.4	19.4	-1.9	9.9	8.4	1 359.2	4.9	12.2
1915	35.1	43.9	21.0	4.7	0.9	4.5	1 906.7	2.9	13.0
1920	21.8	62.6	15.7	-0.9	17.1	2.9	5 151.8	9.1	18.1
1925	18.8	59.5	21.8	4.3	6.3	14.6	6 605.1	7.4	21.6
1930	8.0	69.7	22.3	-8.6	11.9	9.0	9 682.2	8.4	28.6
1935	6.5	66.9	26.6	-2.9	0.6	5.0	10 847.9	1.4	30.1

Source: *Banco Español de San Fernando*, 1850-1855, Tedde (1999), p. 251. Bank of Spain, 1856-1873 in Schwartz (coord.) (1970), Appendix I-4; 1874-1899 in Tortella (1974), I, p. 490; 1900-1935 in Martín Aceña (1985), p. V-1. *Caja General de Depósitos*, Gonzalo (1981), p. 455-471. Private Banking, current accounts 1850-1855 in Hernández Andreu (coord.) (1996), Appendix 3.2; 1856-1873 in Schwartz (1970), App. I-4; 1874-1899 in Tortella (1974), I, p. 490; 1900-1935 in Martín Aceña (1985), table V-1. Savings banks: until 1874 the deposits are estimates based on net accrued balances of deposits and annual withdrawals according to AEE, 1866-67, Martínez Soto (2003), p. 181; 1874-1935 in *Memorias Anuales de Caja Madrid*. Post Saving Bank, 1917-1935, Martín Aceña (1985), table II.1. GDP in Prados (2003), table A.11.1.

Notes:

ⁱThe *Banco Español de San Fernando* became the Bank of Spain in 1856, the *Caja General de Depósitos* covers the period 1852-1868.

ⁱⁱFrom 1917 this includes the *Post Saving Bank*.

⁷ Mitchell (2003), pp. 800-803 and 906 and table 1.

⁸ We use a proxy of these deposits based on the net accumulated balances of the annual deposits and withdrawals of the AEE, 1866-67 (see Martínez Soto, 2003).

⁹ Tedde (1999), Gonzalo (1981) and Hernández Andreu (coord.) (1996), appendix. 3.2. Its ability to capture funds seriously affected market shares of deposits in the financial system throughout the period when it operated.

^{III}Rates calculated for the period from the year corresponding to the row and the previous row. Using Prados' deflator (2003), table A.11.9.

^{IV}GDP at the cost of the factors.

However, in 1853 a first attempt was made to regulate the sector as a whole. The Royal Decree of 29th June 1853 was issued practically at the end of the political period in which the moderates held power, before the start of the two-year progressive period during which important reforms were introduced into the financial system. The philosophy of the decree was strongly interventionist and it broke with the tradition established by the previous legislation.

The decree prompted numerous reactions in the press, from the savings banks themselves, and caused great uncertainty among the public. There was a massive withdrawal of funds, to the point that the total deposits in Spanish savings banks fell by 24% (Martínez Soto, 2003). Some savings banks, such as the A Coruña savings bank, founded in 1842, never recovered from the consequences of this crisis (Maixé (dir.), 2003). The government's reaction was immediate; the Royal Order of 22 July 1853 to all intents and purposes suspended the previous decree. As Titos (2003b) points out, an ambiguous situation was created which meant that the savings banks continued to be governed by their own statutes and regulations¹⁰.

Spanish savings banks did not recover their previous levels of resources until 1856. In fact, they did not gain any advantage from the new economic policy which intensely activated the banking system¹¹. Up until the start of the Restoration in 1874 only nine savings banks were founded, and it was not until that time they recovered their market share in the financial system (Table 1). The effects of this process in the retail credit sector were disastrous. It caused a proliferation of pawnshops and it failed to eradicate usury. In 1853-1854, due to the subsistence crisis that affected the northeast of Spain, the provincial authorities estimated that usurers could demand abusive credits of up to 75 or 85 % per year. At the same time, the "*Junta General de Beneficencia*" (General Beneficence Council) undertook measures designed to encourage the creation of rural banks similar to those that existed in other European countries with the aim, among others, of eradicating this scourge on society¹². This was the situation that encouraged the commentators of the day to promote the creation of new savings banks as the means that would allow the poor to meet the most basic needs of life¹³.

¹⁰ M. Titos uses the term "statutory self-governance" to refer to this characteristic, Titos (2001).

¹¹ Schwartz (1970: 18-19) and Sudrià (1995: 82).

¹² *Archivo General de la Administración, Ministerio de la Gobernación, Beneficencia Pública*, box 5642.

¹³ Montero (1983), Titos (1999) and Martínez Soto (2001).

The consequences of the crisis of 1864-1866 (the State's financial difficulties and the high banking risk of the railways) and the political revolution of 1868, which led to the first Spanish republic (1873-74), brought to light the inadequacies of the banking structure when it came to meeting the country's needs (Sudrià, 1995). Financial problems affected businesses, but they also affected household economies, and the problems were several: limited credit on offer, the weakness of household savings and the inexistence of a culture of saving to counter the tendency to hoard or to buy public debt. The situation was made worse by the shortfall of institutions that were supposed to usefully channel savings.

With the Restoration substantial changes in the financial system were initiated. The "Echegaray Decree" of March 1874 conceded a monopoly on the rights to issue banknotes to the Bank of Spain. This was as a direct consequence of the subordination of the bank to the needs of public finances. In a similar fashion, the bank's network of branches allowed the unification of the Spanish financial market before 1885¹⁴. For several decades it took the place of the nonexistent expansion of private banking in Spain beyond local regions.

However, the chaos that the retail and popular sectors of the financial system found themselves in required a political solution from the government. This came about in the form of legislation in favour of savings banks. The majority of Spanish savings banks that still exist today have their roots in this legislative impulse at the end of the century. The new Act, of 29th June 1880, set out the institutional idiosyncrasies of Spanish savings banks:

- Private nature of the entities: private foundations with freedom of organization
- Beneficent entities with governmental protection (provided by the equivalent of the modern Ministry of the Interior)
- Their basic operations involved obtaining funds, paying the depositors, and using those funds to make secured (by pawned goods) loans.

This was the government's solution, despite the fact that the cooperative movements connected with the unions, leftwing parties, Catholic groups, and so forth, held a position in favour of cooperative credit and against usury. The Associations Act of 1887 and the previous Decree of 20th November 1868 could have stimulated the creation of rural savings banks, which were aimed at a sector in which informal credit markets were

¹⁴ Castañeda (2001).

operating at usurious rates. It would, however, be necessary to wait until the new century for the first rural savings banks to be developed¹⁵.

In this way an extended period of institutional stability was initiated as far as the legal framework for these entities was concerned. Up until 1926 no substantial changes were to be produced in the legislation governing savings banks, and during the final quarter of the century they experienced an important improvement in their fortunes. After 1872 they consolidated their market share of the deposits in the financial system as a whole, helped by strong growth rates up until the beginning of the 1880s. In 1895 the century high was reached at close to 17%; a progression which was to continue up until the eve of the First World War when it reached over 20% of the deposits in the financial system as a whole (see Table 1).

Once I have set out the institutional framework I can analyze the organization and management model of Spanish savings banks during this first stage of their history. The key to this revolves around the structure of the ownership of these entities: the governing and administrative bodies spring from this ownership structure. Historically, Spanish savings banks have been governed according to the foundation model, that is where the importance of the people and groups who gave them their initial support came from. According to Titos (2002), of the 65 savings banks created before 1900 half were founded by members of the liberal bourgeoisie, local landowners and members of the aristocracy. A further 20% were founded by local corporations, while only six were founded by agricultural unions, three by ecclesiastical organizations and just one by a lay workers' centre (nine had unknown origins). This confirms the idea that the majority of the governing bodies were made up of individuals, rather than representatives of public institutions.

The founding members formed the hard core of the executive of the entities. They were of utmost importance since they were responsible for moulding the statutes and they defined the initial capital funds that the institution should set to work. In spite of the variety of circumstances that gave rise to the statutory self-governance itself, there were a series of general guidelines when it came to endowing the initial capital. The most important aspect for the founding groups was always the principal of efficiency of

¹⁵ From the middle of the century there were initiatives which produced very short-lived agricultural banks, Martínez Soto (2000 and 2001). Two new types of savings entities were proposed at the beginning of the century, one of them, the rural savings banks, were private, while the other was a public entity, the Post Saving Bank (Act of 13th May 1902). The latter came into being in 1917 and it achieved an important position thanks to its network of offices throughout Spain.

spending. The majority of statutes stipulated that “The savings bank will start to function immediately. The official pawnbroker will commence its operations, when, in the opinion of the Management Committee, sufficient funds have been amassed in the savings bank”¹⁶. That is to say, whenever it was at all possible, initial payments on the part of the patrons were to be avoided. The case of the Jumilla savings bank (based in the province of Murcia) is paradigmatic. The patrons recognized that “it was established without any initial capital; the only thing that was necessary as an initial guarantee for agricultural workers to deposit their savings in it was the credit and the good name of the Chamber of Agriculture”¹⁷. The second savings bank in A Coruña was launched along these same lines in 1876, although with different assumptions. Together with the Bilbao savings bank, they are two unique cases in Spain, as they came into being under the protection of a private bank: the joint-stock bank *Crédito Gallego*, in the case of A Coruña. It had its own statutes, but the management committee was under the guidance of the board of directors of the bank. It did not require any capital resources either, given the support that the bank provided the savings bank (Maixé (dir.), 2003: 41)¹⁸.

This method of starting up a savings bank did not always prove possible. The alternative procedure was either for the public or private institutions which backed the venture (economics societies of friends of the country, boards for the defence of citizens, town councils, provincial governments, etc.) to advance a sum of money to be repaid in one or several payments. This operation could be arranged at a cost of zero and, in this case, it was recorded as a charitable subsidy¹⁹, or as a loan, normally incurring the rate of interest set for the savings banks’ liabilities²⁰. I do not know of any cases in which fixed income bonds were issued, but in some cases the above model did involve issuing “subsidies” which had no set repayment date and on which no interest was paid. The possibility of paying out some sort of dividend was only normally considered

¹⁶ Art. 5 of the San Sebastián savings bank Statute (1879, Tip. A. Baroja). I only cite this case as an example, the idea is implicit in many others. In order to avoid uncomfortable quotes, let us say that my sources come from the collection of reports, statutes and rules and regulations of savings banks in the Bank of Spain library, the Bank of Spain archive, *Banca Privada*, c. 81, 104, 106, 107, 117, 542 and from the *Caixa Galicia* archive. Only when I quote textually will I give a specific source.

¹⁷ Statute (1901: Tip. del Comercio, Jumilla).

¹⁸ There were other savings banks which at one time or another maintained a relationship with a bank, but in different circumstances. In the case of *Caja-Banco y Monte de Piedad de Valencia* it was an independent savings bank which at a specific moment handed its management over to a bank, the *Sociedad Valenciana de Crédito* in 1851, Ródenas (1978) and Martínez Soto (2003).

¹⁹ There are many examples, Titos (1979a: 86) investigates this in the case of the Granada savings bank.

²⁰ The statutes of the San Sebastián savings bank stipulated that, in case of necessity, the City Council undertook to advance up to 12,500 pesetas. In the case of the Santiago de Compostela savings bank in Galicia, the *Sociedad Económica de Amigos del País* (Economic Society of Friends of the Country) lent it 1,750 pesetas in order to set up its activities and the sum was repaid seven years later.

when the management committees deemed it to be convenient. In the majority of cases, the capital that was guaranteed by those providing “subsidies” was only exchanged for a deed which credited the holder with being a partner and patron of the entity. The system was greatly used by savings banks in the Balearic Islands (Maixé, 2001)²¹.

Using this set up, 19th century Spanish savings banks had a relatively straightforward system of management. The most traditional model consisted of just one governing body structured as follows (Figure 1 in Appendix):

- A functional structure which did not differentiate between governing and administrative bodies
- An establishment administered from one single office made up of two sections: the savings bank and the official pawnbroker

The executive body par excellence was the Board of Directors, also called the Governing Council or the Administrative Council. It always included the founding members or qualified representatives of the founding bodies. When there was a public body among the patrons, such as the town council or the provincial council, the presidency was reserved for the mayor or the chairman of the provincial council. In some cases the civil governor was introduced, particularly in the case of savings banks which had not been set up by a founding institution or group which had taken charge of the process²². The investors were very well represented on almost all the committees of savings banks in the 19th century

The members of the committee were in charge of the workings of both sections and they were assisted by a staff of employees who held positions with a low level of responsibility. They performed three basic functions: accountancy (audit and account management), secretarial duties (keeping the books, records and archives) and function of the treasury (cashier for the establishment). The individual cases were very varied, but the underlying philosophy dealt with these main concepts. The variations could be organized around the figure of the secretary of the board who could take on the functions of head of staff, and those of the managing director, who was appointed on a weekly basis and who in many savings banks took responsibility for the day-to-day run-

²¹ Behind this system of “private subsidies” was the concept that established that the founding partners had the responsibility of guaranteeing these subsidies until such time as the entity had accumulated reserve funds large enough to take over the responsibility from its patrons, Maixé (dir.) (2003: 70).

²² Some of these savings banks, which lacked their own identity and had no homogeneous group backing them, disappeared or were taken over in the early years of the Franco dictatorship, see García Roa (1994: 334-338) and Maixé (dir) (2003: 206-210).

ning of the entity. Another peculiarity was the unsalaried status of the members of the board.

This management model matched the strict banking operations of Spanish savings banks throughout practically the whole of the 19th century. For a long time saving operations we confined to the regular Sunday obligation. At the beginning of the 20th century, many savings banks still operated very few days a week. The capital deposited in accounts was also limited by the statutes of the savings banks. In the last quarter of the 19th century the upper limit varied between an average of 2,000 and 5,000 pesetas²³. Finally, deposits had limited access. Only withdrawals of less than 75 or 50 pesetas, depending on the case, could be effected immediately. Larger repayments required previous notice to be given of between a week and a month. On the other side of things, lending operations were restricted to the social welfare activity of the official pawnbroker, based on loans for items pawned, that is, secured by clothes and pieces of gold and silver or precious stones in the majority of the cases²⁴. The amount of these loans was limited by statute to an average of about 1,000 pesetas. These banking operations were therefore different from those that the credit cooperatives and rural savings banks started to develop at the beginning of the 20th century. Their activities were similar to those of small rural banks which were involved in cooperative credit²⁵.

Table 2
Average Deposits in Spanish Savings Banks (1875-1915)
(in thousands of current pesetas)

	No. of Savings Banks*	Volume of Deposits	Average Deposits per Entity
1875	12	209 495	17 457. 9
1900	51	1 167 104	22 884. 4
1915	103	1 906 743	18 512. 1

Sources: for the number of entities, AEE, *Caja de Madrid* reports and *Anuario Financiero y de Sociedades Anónimas de España*. Deposits as in Table 1.

*There is a margin of error, since there is no consensus in the literature.

It is important not to forget, as Martínez Soto (2003) points out, that initially Spanish savings banks were entities with very small sizes, restricted to customers with very low levels of income and with a very small geographical area of operations. Con-

²³ Deposits of more than this amount, if they were allowed at all, earned no interest.

²⁴ The clothing and other items included all types of fabrics, mattresses, blankets, bedlinen and clothes in good condition. It also included iron, bronze and brass objects, works of art and artistic objects which had a certain value on the market. It was also common to accept as security for a loan the wages books of depositors and public and industrial bonds. There were other loans linked to different securities which depended on the idiosyncrasies of each savings bank. In the first savings bank, even tools of trades and crafts were accepted as security for loans, as well as credit for commercial goods, whether they were bonds or promissory notes, Maixé (dir.) (2003: 23, 25).

²⁵ Martínez Soto (2001), Maixé *et al.* (2002).

sequently, except in a limited number of cases (Madrid, Valencia, Barcelona and Seville) the managers and employees had no specific training and they performed their activities with large amounts of goodwill.

The system evolved, especially after 1880. In terms of the governing bodies, we start to see a difference between the board of directors and the management committee. Many savings banks incorporated both these elements; the former was dedicated to tasks of higher inspection and the latter to the administration of the establishment. The number of members who made up the bodies varied widely, although as an average the Boards of Directors were usually quite large, with more than a dozen members²⁶. The committees, for their part, were normally smaller, with the intention of being more operational, and they usually varied between three and eight members. In these conditions meetings of the body of higher inspection were reduced to two or three a year, while the committee had to meet at least once a month.

The administrative sphere seems to be better defined in the new scheme (see Figure 2 in Appendix). The changes centred on the role of the secretary of the board as the office manager. In some cases they even started to call him a manager, reinforcing his managerial role and taking over from the members of the committee as the heads of the sections²⁷. This improvement, however, only affected the largest Spanish savings banks. The segmentation of the sector increased between 1900 and 1914 (Table 2), consequently, while some savings banks set about modernizing their banking operations and management, others continued to function as nineteenth-century savings banks or official pawnbrokers. The evolution of the staff is an important element. In the last quarter of the 19th century the number of employees varied between four and ten, while before the First World War the average Spanish savings bank had about a dozen employees.

These changes in management and administration were directly related to the increase in the volume of business and the appearance of new products. The change occurred on the official pawnbroker side of the business. It became necessary to develop new lending instruments in order to guarantee the financial sustainability of the savings banks. This problem had been present under the surface since the very beginnings of the savings banks. Spanish savings banks, unlike other European savings banks, did not

²⁶ Some of them had as many as 30 or more members, as was the case with the Granada savings bank or the one in León. In the first instance the statutes of 1910 maintained the general assembly which consisted of 46 initial patrons and a wide range of the investors, which included as full members all investors with a balance of more than 25 pesetas (*Estatutos y Reglamento...*, Granada, Tipografía Paulino Ventura, 1910).

²⁷ This is the way things were organized for example, in the statutes of 1912 of the *Caja de Ahorros y Monte de Piedad de Zaragoza*.

have any secure resources available to them based on public debt due to the unstable situation of the nineteenth-century Public Treasury Administration. The social welfare activity of the official pawnbrokers was not profitable enough as loans secured with clothing and jewels earned interest for the savings banks at a very low rate, and the savings banks themselves looked for the means of reducing the cost to the public. The use of surplus capital was one of the Achilles heels of Spanish savings banks during much of the 19th century²⁸.

Several solutions were negotiated which came to statutory maturity in the last decades of the 19th century. At first many savings banks placed their surplus in the local banks. But the remuneration on the savings entrusted by the depositors demanded more aggressive asset management. The first device to be used, even before the creation of a portfolio of stocks and shares, was that of short-term loans on public and industrial stock. Between 1862 and 1867, 40% of the amount of the loans was granted with the clothing securities and the remaining 60% was secured by stock. However, the former had a unitary value of 56 pesetas, compared to 6,927 pesetas for the latter²⁹. This difference showed the strong dimorphism of the two types of credit: the first, the paradigm of the social welfare (micro credit intended to aid in the subsistence of the lower classes) and, the second, a means of investment, Maixé (dir.) (2003: 49). This was one of the ways in which the middle class gained access to the financial services of Spanish savings banks. Public and industrial bonds became the basis of a type of credit that was highly valued by Spanish savings banks (value, accessibility and low storage costs), and in turn, the borrowers obtained accessibility, while continuing to receive the benefits of their bonds.

Another device which was used in less agile Spanish savings banks was personal loans in current accounts. This was a nineteenth century measure which is not to be confused with the guaranteed personal loans which were developed at the beginning of the 20th century³⁰. The statutes of the San Sebastián savings bank of 1879 stated that “so that the funds which have been amassed are not unproductive, the Management Com-

²⁸ This is how Martínez Soto (2003: 176-178) approaches the problems resulting from the 1853 Decree.

²⁹ These data have a very high bias due to the fact that 74.4% of the loan was in the hands of the *Caja de Madrid*, see AEE (1866-1867: 398-405) (*Comisión de Estadística General del Reino*, 1858-1860; *Junta General de Estadística*, 1860-1865; *Dirección General de Estadística*, 1866-67), and also Martínez Soto (2003).

³⁰ A loan with a personal guarantee, secured by means of a promissory note signed by the borrower, made payable to the guarantor and endorsed by the guarantor to the official pawnbroker, was a more modern device (Regulations of the *Monte de Piedad y Caja de Ahorros de León*, León, Imprenta M.A. Miñón, 1901).

mittee may distribute them in quantities of 250 to 1,000 pesetas each one, among people of known property and philanthropy in the City, [...] satisfying interest of 5% a year, verifying this as a mere act of beneficence...”³¹.

However, the banking prototype for this type of activity was the portfolio of stocks and shares. The most dynamic Spanish savings banks developed this device early on in order to put their surplus liquid assets to profitable use. It usually occurred first in those entities which maintained good relations with the local banks, since they were the ones who managed the buying and selling orders on the stock exchanges. Nineteenth century portfolios were very biased towards public stocks. Many savings banks prided themselves on responding to the government’s call with “patriotism” as was the case in 1896 with the Balearic Islands savings bank (Majorca), which took out a 250,000-peseta option on the national loan guaranteed by Customs Revenue³².

The great advance was the appearance of the mortgage. This product was first introduced into Spanish savings banks in a very timid way at the end of the 19th century, but it really began to take off in the first decade of the 20th century. The Mortgage Act of 4 June 1908 contributed to the development of this phenomenon as it gave a direct boost to the process; it pioneered exemption from having to pay different forms of capital gains and corporation’s tax for mortgages that were taken out with official pawnbrokers³³. The main aim of these loans was to promote housing.

Obviously, these banking operations complicated the management processes and increased the level of activity of the official pawnbrokers. In the case of loans on stocks and shares, they were short-term and required cancellation or renovation within a period of not more than 90 days. In addition, these operations required that attention be paid to the quotation prices as the loan was awarded on a percentage of the market value (between 60 and 80%), with the debtor obliged to increase the guarantee when the price fell by a specific percentage. Mortgages required that the governing bodies participate directly in decision making. The Boards of Directors and the Management Committees of savings banks were the only ones with the legal capacity to grant them.

The changes in the governing bodies and in the management structure did not happen evenly across the board. It seems that up until 1914 the functioning of the gov-

³¹ The Oviedo savings bank also performed this activity from 1899 to 1908, Maixé (2003).

³² Maixé (dir.) (2003: 49) and Maixé *et al.* (2002).

³³ The recovery in the activity of the official pawnbrokers was enhanced by the Royal Decrees of 23rd September 1908 and 12th July 1909 which regulated loan houses, restricting and controlling their activities. These regulations were a new attack on abusive interest rates and usury in general.

erning bodies improved and they became more flexible. However, the internal staff structures and their organizational structure changed relatively little. The driving force behind this change was the growth in the volume of business and the appearance of new products which were the result of the search for returns that guaranteed the sustainability of the ventures. During this period, the experience of the employees, their loyalty to the entity over long periods of time and the ease with which they treated the clients counted for more than the strict organizational changes.

3. Consolidating a Social Model during the Interwar Period (1914-1935)

One of the large transformations that took place in Spain in the first third of the 20th century was the definitive formation of mixed (commercial and investment) national banking³⁴. This leap forward was reinforced by a framework which made banking one of the central pillars of economic power in the 1920s. In a similar fashion, the growth and socioeconomic impact of the savings banks was consolidated during the interwar period.

The concentration of banking received a boost from the accumulation of capital in two exceptional circumstances: the colonial crisis (resulting in the repatriation of capital) and the Great War, which generated large speculative profits. The Basque and Madrid banks were able to take advantage of these situations³⁵. After the First World War, the economic boom generated by the conflict improved the financial habits of the country, at the same time, there was new legislation: the first Banking Organization Act, known as the Cambó act (1921). Within this framework the first important expansion of the banks beyond the regions where they were based took place along with the creation of the *Consejo Superior Bancario* (CSB – The High Council of Banking - the management association that brought together all the main bankers in the country), which increased the banks' ability to defend their interests.

In quantitative terms, private banking increased its share of the financial system, while the savings banks continued to consolidate their position. By the civil war, Spanish savings banks had reached a level of somewhat more than a quarter of the deposits in the financial system (see Table 1).

³⁴ Between 1900 and 1914 the Spanish banking sector underwent a sharp increase in its levels of efficiency as a result of the increase in competitiveness, Cuadras Morató *et al.* (2002).

³⁵ See Tedde (1974: 414), I and following, and Sudrià (1985).

The first third of the century saw the late setting up of the first forms of social welfare in Spain. In this area, the aspect that I am interested in highlighting is the role that the savings banks adopted in the state system of social protection during the inter-war period³⁶. Twenty regional and provincial participating savings banks were set up which administered the assets of the Workers' Retirement Pensions throughout the entire country. These were complemented by other insurance entities (friendly societies, unions, charitable funds, etc.)³⁷. After the First World War the system was consolidated into an obligatory insurance system³⁸. One by one other social insurances were incorporated into the system and the volume of business that the savings banks dealt with in this respect continued to increase until the civil war³⁹.

The savings banks began to abandon their exclusively beneficent character and gradually started to become genuine financial institutions. Pressure within a competitive banking framework started to become an important factor and as a consequence, Spanish savings banks were faced with growing interference in their activities by the banks and their branches and they set about strengthening their own institutions. This step was taken in the form of the savings banks legislation of 1926 and 1929⁴⁰. Shortly before, in 1924, the first regional federations of savings banks had been formed and in 1928 the *Confederación Española de Cajas de Ahorros Benéficas* (CECAB –Spanish Confederation of Welfare Savings Banks) was formed; the savings banks' first cooperative organization⁴¹. To sum up the situation, Spanish savings banks as a whole went on the offensive, demonstrating that in the 1920s these entities had achieved an important degree of corporative and financial weight⁴².

³⁶ For a detailed analysis of the subject see: Laraña (1945), Hermida (1980), Mazuecos (1980), Nadal and Sudrià (1983), Montero García (1988), Soto (1989) and Sudrià (1998).

³⁷ The technical balance sheet of the INP during its early days shows the importance that the Catalan and Basque savings bank had from the start of the system. AEE (1916), p. 454.

³⁸ Act of 27th February 1908. The *Instituto Nacional de Previsión* (INP –National Welfare Institute) was set up as an autonomous institution in charge of managing services and actions in the area of social welfare. It had its own administrative structure and its own funds independent of the State.

³⁹ AEE (1916), p. 454, AEE (1923-24), p. 465; AEE (1924-25), pp. 535. See Maixé *et al.* (2001).

⁴⁰ Royal Decree Act of 9th April 1926 and of 21st November 1929.

⁴¹ The first regional federation project was the one founded in Navarra and the Basque Country which became a reality in 1924. After this there followed the Galician savings banks federation and the federation in Old Castile, started in 1925 and which gained statutory support in 1926. Eight regional federations attended the first general assembly of savings banks, before the creation of the CECAB (which was held on 16-18 May 1927): the Basque-Navarra Federation, the Galician Federation, the Levante Federation, the Catalan-Aragonese-Balearic Federation, the Western Federation, the Castilian Federation, the Asturian Federation, and the Federation of Savings Banks in Andalusia, (Ceballos, 1929: 542-543).

⁴² An excellent compilation based on the qualified opinion of the economics press with regard to the savings banks during the period 1923-1936 in Fernández Clemente (1993).

Almost half a century after the law of 1880, Spanish legislation relating to savings banks introduced a new approach to savings. The decree of 1926 established a certain link between the reformism of Eduardo Aunós, Employment Minister during the dictatorship of Primo de Ribera, and the regime which was characterized by its authoritarian corporativism (September 1923-January 1930). The regulations did not enjoy a very prosperous life, as it did not allow for the different nature of the savings banks. It attempted to convert all savings entities into limited societies. In addition, for the first time, control was established over lending operations through the coefficient of obligatory investment. However, the regulations did afford the savings banks a better defined socioeconomic role, at least administratively, by placing them under the competence of the Ministry of Employment and Welfare, although in practice the law never became fully operative.

It did not take the boards of the savings banks and official pawnbrokers long to react, and their protests were unanimous:

“Few considerations were made about the harm and damage caused to Spanish savings banks by a disposition which with one sweep of the hand has the bad judgement to assimilate our institutions (which have an exclusively beneficent character and, therefore, are completely exempt from all taxes) into organisms which, although they may bear some resemblance to them in their ends, are motivated in their activities by profit”⁴³.

These circumstances sparked off the circular which the Federation of Basque-Navarra Savings Banks sent to the other savings banks and regional federations in Spain when faced with “the need to unite all the beneficent savings banks” on 20th April 1927⁴⁴. There was one important international precedent: the First International Savings Congress (Milan, 31st October 1924), where the success of the regional and national federations in Europe and the United States had been demonstrated. Corporative associationism was put into practice at the national level and finally, in 1928, the *Confederación Española de Cajas de Ahorro Benéficas* (CECAB –Spanish Confederation of Beneficent Savings banks) was created, which still exists today⁴⁵. Its basic objective

⁴³ ACG, Minutes of the Governing Board of the La Coruña savings bank-official pawnbroker, 7-6-1926.

⁴⁴ Text of the circular in Ceballos (1929: 39-40).

⁴⁵ The CECAB (today the CECA) has been studied very little. Recently there has been renewed interest in this body, which is of great importance in the Spanish savings bank sector: see the interesting work by Comín (2003) and by Comín and Torres (2003).

was to protect the sector from government policy and from the attacks of the High Council of Banking (CSB), which spearheaded the attacks of the banking oligopoly⁴⁶.

At the end of the 1920s, the arguments between savings banks and banks reached new heights. In order to put an end to them, in 1929 a mixed commission formed of representatives from savings banks and banks was created. It reached several agreements which delineated the spheres of operation of each type of body. These agreements were then immediately incorporated into the General Statute of Popular Savings which was passed by Royal Decree: the Act of 21st November 1929. This new legislation was an attempt to bring order to the confused notions of the Decree-Act of 1926 by establishing a clear differentiation between the social aims of the Popular Savings Banks and the rest of the private savings entities⁴⁷.

However, the agreement between banks and savings banks was built on shaky ground; the CECAB considered that it had come off badly in the agreement. That is why the confederation of savings banks continued to pressure for further legislative reform. Its aims were met with the passing of the Decree of 16th January 1931. This reform was suspended when the Republic was declared three months later. During the period of the Second Republic, the Decree of 1st July overthrew that part of the savings banks statute which limited their operations and their investments. Meanwhile, while awaiting complete regulation of the savings entities within the republican framework, the old disputes between banks and savings banks resurfaced.

Finally, the Decree of 14th March 1933, completed by the Decrees of the Ministry of Employment, Health and Welfare of 7th September and 20th December 1934 created a legal framework that clearly favoured the savings banks. This second Statute defined as General Popular Savings Banks those independent institutions which had been founded officially or privately and which were non-profit making organizations. In accordance with this definition, the job of these General Popular Savings Banks would be the administration of savings deposits with the aim of investing the net products in the strengthening of the reserves, guaranteeing the assets and carrying out social and charitable works (art. 2). The new legislation was based around the following points:

- An institutional separation between savings banks and other credit and savings entities

⁴⁶ The most recent literature goes into more detail concerning the importance of cartels in the Spanish banking industry and recognizes a greater degree of competitiveness in the sector, Pueyo (2003).

⁴⁷ The General Register of Savings Banks was created the bodies for inspection and patronage were regulated.

- The confirmation of their social and beneficent nature, with capacity to undertake government activities. The statutory obligation of savings banks to dedicate resources to charitable and social works, thus reiterating the key feature that sets them apart from other entities.
- A social criterion regarding the regulation of investments. The obligatory investment can never exceed 30% of the saving deposits and the loans had to fit very strict criteria (established repayment periods, maximum percentages on guarantees presented, etc.)
- The introduction of criteria of financial solvency (the reserve funds had to represent at least 10% of the savings balance)
- Establishing obligatory membership of the regional federation and the confederation (CECA)

The statute put in place certain norms, the use and abuse of which was to grow during the Franco dictatorship which followed the civil war. It introduced moderate obligatory investments and eliminated certain operations which are typical of commercial banking, such as discounts, currency trading and double stock operations. The legislative made no effort to hide the intention that savings banks take on part of the Spanish State's financial obligations. The Decree of the same date created the *Instituto de Crédito de la Cajas de Ahorros* (ICCA –Savings Banks Credit Institute) to facilitate this. It was intended that the ICCA be a genuine intermediary body between the savings banks and those public entities that may require financing by them. Furthermore, it offered a branch service to participating savings banks, which favoured the transfer of passbooks and the movement of depositors' funds between the different entities.

According to Comín and Torres (2003) the institutional system that was constituted in this way allowed the CECAB to maintain its associative and representative role, while the ICCA became the savings banks' bank and the moneylender agency for the government and other official bodies.

The new direction that national policy took with the coming to power of the right wing at the end of 1933 resurrected the ghost of the old disputes between banks and savings banks. Within the more favourable climate, the representatives of the CSB demanded, despite the opposition of the CECA, a return to the legislative framework that was in place in 1929 and which had been annulled by the later regulations⁴⁸. The Decree of 3rd May 1935 attempted to bring an end to this new stage in the conflict. This Decree ruled that the savings banks would become dependencies of the Ministry of Finance as far as their economic and banking functions were concerned, but their social and beneficent functions would remain under the jurisdiction of the Ministry of Em-

⁴⁸ Nadal and Sudrià (1980).

ployment (a dual role which was to be maintained until the Decree of 26th July 1957). In addition, in accordance with the 1935 Decree, the actions of the savings banks in the financial arena were to become the responsibility of the governmental delegation of the CSB. The interpretation of these regulations caused old resentment between savings banks and banks to resurface. While the CSB, basing its claim on the law, claimed its jurisdiction over the savings banks, for their part the savings banks made no sign of surrendering power to the Council. After the failure of all the ministry's attempts to bring about peace, the agreement was suspended and a new attempt at negotiations was undertaken. The sought-after harmony had not been reached when the civil war broke out.

Despite the disputes and the toing and froing that existed in the process of passing legally binding regulations, during the interwar period the legal base on which the development of these entities was to be forged in the following decades was established. In fact, overall, the underlying spirit of the 1933 statute remained in place until the reform carried out by the minister Fuentes Quintana in 1977, during the political transition and the return of democracy in Spain.

Table 3
Segmentation of Spanish Savings Banks by Volume of Deposits in 1928
 (average size: 13.7 million pesetas)

Deposits	No. of savings banks
> 100 million ptas.	5
100 - 50 million ptas.	4
50 - 20 million ptas.	8
20 - 6 million ptas.	18
6 - 1 million ptas.	35
1 - 0.5 million ptas.	22
< 0.5 million ptas.	42

Sources: Statistics from the *Caja de Madrid* reports, Table 1 sources and Ceballos (1929: 596-597)
 Calculated on a sample of 134 entities, including the Post Saving Bank.

Without a doubt, such a changeable framework at the institutional and political level had its effects on the internal management of the savings banks. However, my opinion is that the processes of modernizing management were much more closely linked to the internal dynamics of each institution, that is, to the evolution of the entity's business and to the will of its managers. However, the last decade before the civil war saw a new dynamism in the management of Spanish savings banks. The regional federations and the CECAB favoured technical training for managers and employees in savings banks. In 1933 the first moves were made with a proposal made by Francesc Moragas, General Manager of the *Caja de Pensiones para la Vejez y de Ahorros de Barcelona*, at the General Assembly of the CECA on "Training courses for Employees

of General Savings Banks”⁴⁹. This Catalan savings bank, founded in 1905, was the country’s number one savings institution and the company executives formed an avant-garde sector in the field of welfare and savings⁵⁰. From then on, an active policy of training personnel started at confederated savings banks which the civil war brought to an abrupt halt.

The interwar period reinforced a tendency that had started timidly in the first decade of the century; an increased flexibility in the products on offer at savings banks. A significant detail, which came about in the 1920s, was the appearance of the sight passbook savings accounts. In a somewhat confusing fashion –at times they were called sight current accounts, at others sight savings accounts, and so forth– Spanish savings banks increased the level of liquid assets in their deposits. This can be seen from the entities’ balance sheets⁵¹. The liability products become more dynamic and they more closely resembled commercial banking operations. Fixed term passbook accounts were introduced and in some savings banks, such as those in Catalonia, which were more open to the small business sector and which had extensive branch networks, current accounts were also offered (deposits available by means of payment orders negotiated with third parties since 1917), Nadal and Sudrià (1980). However, it was in the field of mortgages where the greatest changes took place. Investment loans were freed from the clothing or jewel securities of the official pawnbroker loans, which were reduced to micro substance credit and they started to take on a much greater volume of business. Another investment tendency of the savings banks was the growing weight of their portfolios of stocks and shares, along the lines defined by successive legislation. However, although this was the general tendency, until after the civil war there continued to be a considerable degree of segmentation within the sector, and the smallest savings banks continued to function with very traditional products (see Table 3).

During the decade leading up to the civil war the panorama was one in which qualitative changes took place in the business of Spanish savings banks. The organizational reform that should have affected the modernization of their management began to take shape in those entities with the largest volume of business and strongest business tradition. Nevertheless, medium-sized savings banks also started to introduce improve-

⁴⁹ CECAB (1932): *Memoria de su Quinto ejercicio social*, Madrid, Sobrinos de la Suc. de M. Minuesa.

⁵⁰ On this see Nadal and Sudrià (1980: 71-77).

⁵¹ This analysis would require an exhaustive regional sample, however, the conclusions that I present here are drawn from studying regional cases and from savings bank monographs that are available in the literature.

ments in their management structure, especially in order to offer the new financial products with guarantees. Many times this happened by way of piecemeal decisions taken by their management committees, which were not incorporated into the statutes and regulations until later (Maixé (dir.), 2003: 160-161).

The key to the reform was the legal and functional strengthening of the figure of the Manager and a stricter definition of the different management services. In this way, the Boards of Directors guided the progress of the entities and the managing director, who was appointed on a weekly basis, could continue to inspect the dependencies, although now he could delegate to the Manager, whose responsibilities increased (in many savings banks the figure of the appointed member for the week did not disappear until after the civil war). The Managing Director continued to be the secretary of the Board of Directors who “carries out the management of the establishment, is the head of the staff, and is immediately responsible for all the services and dependencies, both of the central office and of the branches”⁵². For the first time the Manager was awarded powers to sign, in conjunction with the president, the documentation necessary to make funds available and deposits of stocks and shares in banks and societies. In many cases his signature started to guarantee the work of the auditor and cashier in their daily operations, meaning that the members of the committee were no longer required for these operations. A definitive step was for him to be included in the staff, receiving a salary which was set contractually.

In the new organizational structure, the old single office was transformed into a set of services attached to the management, audit, savings and pawnbroker sections (see Figure 3 in Appendix). The personnel who delivered these services were graded in three levels: administrative-technical (heads, officials and auxiliaries), experts (evaluators of clothing, jewels and other items) and subalterns (caretakers, warehouse managers, collectors, orderlies, porters and guards). The figure of the Assistant Manager started to take shape after the First World War as the person in charge of branches and agencies. This phenomenon first appeared in those savings banks that started a territorial expansion within their areas of influence. The most striking case was that of the *Caja de Pensiones de Barcelona*, but other savings banks in different regions also started this expansion in the 1920s and 1930s.

⁵² Internal Regulations for staff and services of the *Caja de Ahorros y Monte de Piedad de La Coruña*, 1935, art. 24. These regulations were applied in practice from 1926. This savings bank is within the medium-sized segment of savings banks.

The organization of the services under the control of the management was distributed in the following manner. In first place there was the general audit department, which was run by the head of accountancy. The regulations established the rules for organizing the accounts, the periodicity of inventories and balance sheets and the circumstances of the financial accounts, share accounts, evaluation of the portfolio⁵³, staff welfare fund, reserves, and so forth. Cashier services were run by the cashier or the head cashier. In practice they were closely linked to the audit department. The official pawnbroker still enjoyed a certain degree of autonomy and had a head who coordinated the work of the evaluators and warehouse managers, along with the subalterns under them. Finally, there was the caretaker's department which included a range of services connected with the savings bank infrastructure: guards, equipment, care, correspondence, day to day control of the clocking on and off device, and so forth. In the general regulations, it was common to insist on the role of the managing director as the overall coordinator of the services, who was responsible for guaranteeing the flow of information between the different services. In this sense, the role of the heads of services was essential. Proof of this is the fact that the heads and the personnel were required to be in their offices while the sessions of the Board were being held, in order to respond to any of their requirements.

As the organization of working practice developed it brought with it technical improvements. Large and medium-sized savings banks incorporated electromechanical instruments to facilitate routine administration and accountancy. The most notable example was machines for carrying out accountancy operations, some of which worked by mechanical traction while others were powered by electricity or gas. One of the most successful models was the Burroughs machine (Burroughs Electric Light & Gas Billing Machine) which was very widespread among the banks and also in some Spanish savings banks, thanks to the company's office in Madrid⁵⁴.

Reform of the internal workings of the administration and services personnel in Spanish savings banks was the order of the day in the twenties and thirties. Staff training and salary levels occupied an important place. The committees themselves established administrative categories and systems for revision of salaries. The improvements

⁵³ After the crash of 1929, evaluation at market price was adopted, previously the purchase price had been used. The criterion of "evaluative prudence" was not established until the last quarter of the 20th century, although some savings banks had introduced it previously.

⁵⁴ The Burroughs Adding Machine Company (1905) was the successor to the American Arithmometer Company (1866) and was founded by William S. Burroughs. By 1920 this company had sold 800,000 machines throughout the world and employed 12,000 people (Maixé (dir), 2003: 73 and 162).

achieved by the working class in these years were also taken on board, for example, with regards to closing the premises on Sunday. The Republic, by means of a Decree from the Ministry of Employment of 1st August 1935, finally regulated the working relations of the personnel in all savings institutions in the country. This reform established, among other things, the eight-hour working day, a day off on Sunday, 15 days annual holiday and the right to paid leave for illness.

To conclude, before the civil war many savings banks introduced rational and efficiency elements into their internal organization. The workings of the incipient departments were laid out and the figure of the manager was regulated. These were companies which on average had about twenty employees. Therefore, without having a complex structure, it is true to say that they became better organized and they developed a more professional management. My opinion is that, in a modest way, a multifunctional type of organizational structure began to take form during these years.

4. Regulation and Deregulation: the ups and downs of Spanish savings banks in the second half of the 20th century (1936-2003)

The second half of the 20th century saw the Spanish economy modernize and open up to the rest of the world. However, in historical terms we can identify two clearly distinguished stages, both in socio-political terms and in economic terms. The years from the civil war up to the death of the dictator Franco are characterized by a regime which denied political rights and was strongly interventionist and corporatist in economic matters. From 1975 on, there was an acceleration in the process of institutional development which allowed Spain to come into line with the more highly developed countries in Europe.

However, I am going to look at the two stages together, as this is a way to make explicit the continuity that the system of savings banks experienced from the point of view of its users. Spanish savings banks always enjoyed public confidence. Throughout the socioeconomic changes of the development years of the sixties and the political transition in the second half of the seventies and first half of the eighties, they managed to stay in tune with the public, thanks to their strong capacity for adapting to political and institutional change. But this continuity can also be seen in the field of the management of the entities and of the corporative bodies. The institutional transformations which were produced in the economic field with the return to democracy had a lot to do with men who had occupied managerial positions in these entities. There are two para-

digmatic cases: that of Luis Coronel de Palma, who influenced the economists who drew up the Stability Plan at the end of the fifties, who was General Manager of the CECA between 1957 and 1982; and that of Enrique Fuentes Quintana, the Minister of Finance who led the economic reform in the first years of the re-established democracy, a man who had performed part of his economic work for the research services of the CECA.

Table 4
Deposits and Loans in Spanish Deposit Entities (1941-2000)

Deposits from other resident sectors and public administrations										Loans to other resident sectors and public administrations					
Market Share (in %)				Average accumulative rates in % (at constant prices) ^I				Total Deposits			Share (in %)			Amount in millions of current pesetas	
Bank of Spain	Banks	Savings Banks ^{II}	Credit Cooperatives	Bank of Spain	Banks	Savings Banks	Credit Cooperatives	Amount in millions of current pesetas	Average accumulative rates in % (at constant prices)	Percentage of GDP	Banks	Savings Banks	Credit Cooperatives		
1941	22.4	61.3	16.4	NA	-	-	-	22 648	-	41.4	NA	NA	NA	NA	
1945	7.0	74.4	18.5	NA	-23.2	16.9	14.9	34 786	2.6	43.0	NA	NA	NA	NA	
1950	3.6	75.7	20.7	NA	-11.3	16.2	18.4	72 393	1.5	42.4	NA	NA	NA	NA	
1955	2.4	75.1	22.4	NA	1.3	17.4	19.4	162 559	9.3	50.0	NA	NA	NA	NA	
1960	1.6	73.2	25.2	NA	-3.6	13.9	17.1	319 382	4.7	54.3	89.3	10.7	-	310 358 ^{III}	
1965	-	69.9	30.1	NA	-	18.0	23.4	765 654	12.7	60.8	85.7	14.3	-	569 486	
1970	-	63.8	34.7	1.5	-	15.6	21.2	1 735 329	12.0	76.5	78.5	19.8	1.7	1 334 022	
1975	-	64.4	32.9	2.7	-	23.2	21.7	4 875 490	9.8	88.1	79.0	19.0	2.0	4 065 033	
1980	-	62.8	33.6	3.6	-	18.2	19.3	11 516 989	0.9	79.4	75.7	21.4	2.9	9 592 864	
1985	-	56.1	39.3	4.7	-	10.2	16.3	20 984 803	1.8	80.1	69.3	27.3	3.4	15 875 370	
1990	-	50.7	44.7	4.7	-	7.2	12.3	32 916 204	2.3	70.8	61.8	35.2	3.0	30 579 192	
1995	-	45.6	48.7	5.7	-	6.1	10.2	49 226 062	2.7	72.5	58.0	38.2	3.8	50 151 656	
2000	-	40.7	52.2	7.2	-	5.1	9.0	70 728 133	4.8	76.8	52.0	43.2	4.8	92 418 227	

Sources: for deposits, Bank of Spain, Martín Aceña (1988), table IV.1. Banks, 1941-1951 in CSB: *Boletín: Balances de la Banca Privada (1940-1962)*; from 1962 to 2000 in BEBE. Saving Banks, 1940-1962 in Martín Aceña (1988), table I.2.1; 1962-2000, BEBE. For loans BEBE. GDP in Prados (2003), table A.11.1.

^IRates calculated for the period from the year corresponding to the row and the previous row. Using Prados' deflator (2003), table A.11.9.

^{II}Includes the Post Saving Bank until 1980 when it became part of the public corporation Argentaia.

^{III}Data from 1962.

Notes: For the Bank of Spain I have continued to use only the private sight deposit accounts which is what the literature normally considers. In 1962 the Bank of Spain was nationalized, which defined its role as a central bank. For the other entities I consider the deposits from other resident sectors and those from public administrations, the latter are separated out in the BEBE series, for savings banks after 1962 and for banks after 1982. The data on Credit Cooperatives and rural savings banks before 1970 are not reliable.

After the civil war the new situation made it difficult to apply the framework set out by the Banking Organization Act of 1921. Legislation took on a marked protectionist tone, while public financing was built around a circular flow based on the forced endorsement of the Debt to savings banks and banks and its rediscount in the Bank of Spain. That is, the automatic pawning of the issued bonds⁵⁵. Those who made most out of the system were the government and the banks. In this way, the State managed to avoid a fiscal reform which would have affected a corrupt system. Big banking, for its

⁵⁵ Martín Aceña (1985), Comín (1988) and Cabrera *et al.* (1989).

part, with the new competitors' access frozen and its credit capacity reinforced, had the opportunity of strategically positioning itself in certain pre-existing business circles⁵⁶.

If the banks became the great investors in the country, Spanish savings banks did not get left behind as the recipients of private savings. Government policy wanted to make the most of the infrastructure that savings banks offered to encourage savings and as bodies for accruing resources, to which the public sector could turn for its financing. Very soon, in 1943, the Ministry of Finance shared control over the system of savings banks with the Ministry of Employment (Act of 6th February 1943). The Ministry of Finance took over control of the activities of savings banks as credit entities and Employment took over control of their social beneficent actions and welfare⁵⁷. The regime's first Banking Organization Act (31st December 1946) showed a tendency to continue the set-up in the period immediately after the war and emphasized administrative control and a lack of flexibility in financial matters.

However, General Welfare Management and the savings banks corporative organizations performed some famous activities in the years of self-sufficiency and austerity, which were to have important consequences in the future of Spanish savings banks. The government's strategy, developed initially by the Ministry of Employment through the Savings Bank Section, was to use the territorial organization of Spanish savings banks. The inspectors toured visiting the different areas, in order to get an idea of the state of the financial and organizational situation of the savings banks. These visits were managed with the participation of the presidents of the regional federations. During this period, the solution for savings banks in crisis and the modernization of the sector were designed, and the future expansion of the entities was agreed. The regional assemblies of savings banks and the CECA played an important role in this first stage. They became the driveshaft between the Ministerial guidelines and savings banks⁵⁸.

Ministerial policy put much effort into reforming the sector. This caused a surprising number of mergers in the immediate post-war period. The administration thought at the time that: "the merger of savings banks was not considered to be a means

⁵⁶ Earlier, the Ministerial Order of 19th October 1939 had already established a series of barriers to entering into the sector. See Sardà (1970) and Nadal and Sudrià (1983). The most recent literature on banking during the Franco dictatorship recognizes that in spite of the collusion that took place, the banking oligopoly had many cracks. See: Pons (2001 and 2002), García Ruiz (2002) and Pueyo (2003).

⁵⁷ The savings banks lost control of obligatory national insurance and handed over their rights to the National Welfare Institute at the end of the war, Nadal and Sudrià (1983: 339).

⁵⁸ ABE, BP, box 80 and 104.

of organizing savings, rather as a means of resolving precarious situations”⁵⁹. Between 1940 and 1963 there was a string of mergers and takeovers throughout Spain. 29 savings banks disappeared for these reasons, most of them in 1940-1945. After that it is necessary to wait until the decade 1976-1985 for the phenomenon to reappear. The large beneficiaries of the first wave of mergers were the *Caja de Pensiones de Barcelona*, *Caja de Valencia*, *Caja del Sudeste* and *Caja de Zaragoza*⁶⁰.

The savings banks did not avoid tensions with the administration in the early years of the Franco dictatorship. The polemic centred on the “Social Works” savings banks had to concede a good part of the control of their Social Works to the State, in exchange for the regime respecting part of their organizational framework.

During the years of self-sufficiency and austerity the economic system received financial means well above the increase in its productive capacity. This led the Spanish economy to the edge of disaster. As Sardà (1970) points out, between 1957 and 1958, the Ministry of Finance carried out different initiatives to try to stabilize the public sector and reform the financial system. The institutional framework was completed with the Basis for the Organization of Loans and Banks Act (14th April 1962) and the legislation regarding obligatory investments. The reform also affected savings banks. The first step was the restructuring of the ICCA which stopped being a savings bank body controlled by the CECA. The Institute became the highest body of control over savings banks on the part of the State administration, and it was given the functions that until then were the realm of the General Management of Banking, the Stock Exchange and Investments. In this way links with official credit were established, centralized in the Medium and Long Term Credit Institute. Presidency of the institute was linked to the Governor of the Bank of Spain and the appointing of the General Manager became the job of the Cabinet Ministers⁶¹.

The second step was the control of investments, without doubt the most controversial aspect of the reform. Historically, Spanish savings banks had never had such a small decision-making capacity in this field. The packet of measures annexed onto the Stability Plan was the turning point of a policy which paid very little respect to either the entities or the public. Through this means the values of the Institutur National of Industry (public holding) were introduced into the portfolios of savings banks. This pol-

⁵⁹ ABE, BP, box 104.

⁶⁰ Codony (1978) and García Roa (1994).

⁶¹ For more details on the ICCA, see Comín and Torres (2003).

icy reached a head with the Ministerial Order of 7th August 1962, which created a privileged financing circuit. The beneficiaries were the private companies that managed to get the Investments Board of the Ministry of Finance to qualify their investments as calculable in the savings banks investment coefficient, in this way they gained access to financing at interest rates below those of the market. This was the paradox of the savings bank system during the decades of Franco's corporatism. In the early sixties the entities had improved their organizational efficiency notably and started to increase their participation in the financial system, but more than 80% of their investments were administratively controlled⁶².

While the economic framework progressively abandoned the lack of flexibility which had been characteristic of the early years of the Franco dictatorship, the organizational and institutional structure of Spanish savings banks started to take shape. After 1942 the oldest savings banks had started to introduce rapid changes into their management, a phenomenon which was reflected until the nineteen-fifties in the drawing up of new statutes and regulations (on 27th September 1950 the Popular Savings Banks Working Regulations were published). The subject which is most decidedly tackled is the configuration of a professional management. Co-opting continued to be the normal method for accessing the management circles of entities. However, in some cases contracted management started to be present, through the signing up of professionals with recognized prestige in private business. This can be clearly seen in large and medium-sized savings banks (Maixé (dir.) 2003: 218-223). Another factor which improved management was the advice given by the inspectors of the General Welfare Management. These offered technical and legal support to the smallest savings banks in order to encourage the modernization of their operations. This policy ran in side by side with that of the regional federations and the CECA itself.

I have commented on the timid process of concentration that started after the war through the mergers of savings banks. However, the really outstanding feature is expansion through the network of branches of each savings bank in its area of influence. The great leap forward started in the decade of the fifties, when the number of branch offices throughout Spain broke the 1,000 barrier. Later, 2,000 was reached in 1956 and 3,000 in 1962. The banks had historically moved in a setting which was better defined by regulations and which allowed them to expand throughout the country and in the long term,

⁶² Nadal and Sudrià (1983: 443) and Martín Aceña and Pons (1994).

this had facilitated their expansion. Big banking had won market share through the early Franco policies. Commercial banking also came off strengthened by the Decree Act of 29th December 1962 which, far from putting an end to mixed banking, strengthened the large banks which could access privileged financing through cash bonds. This is why the savings banks had to make an extra effort, and this was to bear fruit up until the mid-1970s (see Table 5).

Table 5
Deposit Entity Offices in Spain (1960-2000)

	Banks	Savings Banks	Credit Cooperatives
1960	2 697	2 837	-
1970	4 291	5 146	-
1975	7 582	6 363	2 033
1980	13 231	8 288	2 668
1985	16 606	10 797	3 350
1990	16 917	13 642	2 919
1995	17 842	15 214	3 195
2000	15 811	19 268	3 888
2002	14 072	20 326	4 275

Sources: BEBE and ACECA

Table 6
Average Deposits (1950-2000)
(in millions of pesetas at the 1995 value)

	No. of Savings Banks	Volume of Deposits	Average Deposits per Entity	Multiplicative factor
1950	81	3 311 701	40 885	-
1960	83	6 487 296	78 160	1.9
1970	87	20 677 302	237 670	3.0
1980	80	34 765 434	434 568	1.8
1990	65	42 290 476	650 623	1.5
2000	47	62 119 911	1 321 700	2.0

Sources: ACECA, BEBE and table 4.

Between 1939 and 1962 the number of savings banks did not go up, in fact it went from 98 to 84 entities, there were 15 new entities founded. In the majority of cases the new initiatives came from the Provincial Councils and, therefore, they were due to public pressure⁶³. In some cases these newly created savings banks were a response to spurious Provincial or Local Council interests, which used them to argue over quotas of power and influence in the context of a corrupt administration⁶⁴. However, over three decades the number of deposits in Spanish savings banks gradually grew, from an average of around 3.4 million per year in the 1940s to 7.4 million in the fifties and 13.3 millions in the sixties. The figures are representative of the magnitude of the clientele of these entities, compared to a population which went from 25.8 million to 30.4 million in the same period (Maixé *et al.*, 2001).

The market share, the growth rates of the deposits and their participation in the GDP reflect the post-war collapse, the initial recovery in the fifties and the economic thrust that took over after the Stability Plan and the dynamics of industrial growth in the sixties (see Table 4). After the war, deposits in Spanish savings banks represented approximately 17% of the country's aggregate savings. Between 1948 and 1956 this share

⁶³ Codony (1978).

⁶⁴ Maixé (dir.) (2003: 206-210).

went from 19 to 21 % and after 1960 it reached almost 25%⁶⁵. Without a doubt this is a clear sign of the level of financial intermediation that the savings banks achieved and their elevated degree of penetration in the national economy throughout the 1960s. Their average size by outside resources increased. The multiplicative factor at constant prices during this decade was the highest in the second half of the 20th century (see Table 6). Nevertheless, in absolute and relative terms private banking held on to its lead, by volume of outside resources, compared to savings banks and overall in the financial system and, especially, by credit capacity. However, the high growth rates developed by savings banks tended to reduce this margin (see Table 4).

In the nineteen-sixties, Spanish society was introduced to mass consumption. The new drive was provided by industrial development, the tourist boom and the transfers of money arriving from Spanish emigrants in industrialized European countries. These factors were decisive when it came to creating savings and consumption habits in the population. Spanish savings banks took the best possible advantage of the public access to a new culture. More than that, they actively contributed to its development. In order to do this the most suitable instrument was to increase the modernization of their operations and management. From the point of view of the banking operations I would point out two indicators: the disappearance of the official pawnbrokers and the development of mortgages linked to the promotion and building of housing.

The first factor was due to the small relative importance of the official pawnbroker operations and to the losses that the high cost generated by the specialist personnel who ran it. The institution became obsolete as savings banks became financial institutions and mass consumption made inroads into Spain⁶⁶. The second factor generated a strong dynamism in the entities. Mortgages linked to the entities' real-estate policies increased. During the 1940s and 1950s, savings banks promoted numerous tenancies. Progressively, this policy gave way to owner-occupier housing. The manner in which this happened was somewhat mixed. In some cases there was a collaboration with private constructors (the savings banks acted as project promoters), and in others non-profit-making construction companies were created, whose aim was "to collaborate with

⁶⁵ Titos (1999).

⁶⁶ To take the place of the loan secured by clothing or other items small-scale personal loans were introduced. Strangely enough, today we are seeing this practice coming back into fashion: items are used as the security backing banking operations, but in now the operations are related to works of art, jewels and operations involving the custody of highly valuable items (information taken from the Spanish economic press).

the State social-housing policy” (Act of 19th April 1939)⁶⁷. This activity represented an important movement of resources on the part of the savings banks.

It is important to point out that these processes took place despite the high levels of controlled financing. A good part of the financing capacity of the system was assigned to low interest rates. As Torrero (1982) says, a regime of subsidies for savers meant that the true costs of protected activities became somewhat obscured. To sum up, there was a closed institutional framework in the system of legal investment coefficients, which distorted the role of the loan and its efficient usage⁶⁸.

Simultaneously the beneficent social works of the Spanish savings banks matured; still today this is the factor that sets them apart from other European savings banks. Traditional beneficent activities of redeeming batches of pawned material and acts of charity, had given way to the configuration of each savings banks own Social Works section. Along general lines, initiatives that were aimed at complementing the education system and initiatives with a welfare or cultural nature stood out. Nevertheless, part of these resources continued to be siphoned off by the government’s National Social Works department, which did not disappear until the reform of 1977. The policy of social dividends, characteristic of non-profit making entities, started to be established. In this way Spanish savings banks reinvested in society part of the profits that their activity produced.

From the point of view of corporative development the savings banks system was very much marked by the role of the ICCA. The CECA limited itself to its representative role, although as Comín and Torres (2003) point out, once the Organization and Official Credit Regime Act had been published (19th June 1971), Spanish savings banks and the CECA itself started heading towards institutional equality with the banks. The key was the disappearance of the ICCA and the transfer of its functions to the CECA, leaving inspectorate responsibilities to the Bank of Spain⁶⁹.

In terms of management, the changes were adopted gradually. In the fifties and early sixties they were closely related to the routines of daily operations. Part of the activity of savings banks was highly bureaucratic, a situation which had been inherited from traditional operations. It was necessary to simplify the processes of recording op-

⁶⁷ The legislation was standardized by the Act of July 1954 and the Regulations of 24th May 1955.

⁶⁸ This situation continued through much of the sixties, prioritizing the liberalization of the real economy as opposed to the financial sector, Lukauskas (1997) and García Ruiz (2002).

⁶⁹ As we have already seen, the people responsible for changes played an important role. In 1970 the General Manger of the CECA, Luis Coronel de Palma, was named Governor of the Bank of Spain.

erations. The operational manuals, which in many cases were nonexistent, were also rationalized. This type of intervention allowed many savings banks to reduce the long queues that formed at their cashiers' windows at this time. However, the great leap in ordinary operations came at the end of the 1960s, when many Spanish savings banks initiated the processes of introducing IT systems. The paradigm for this transformation was the development in the seventies of calculation centres and the setting up of telematic networks, which were then called teleprocessing networks⁷⁰.

The changes that were brought about at the end of the 1960s went further than the mere incorporation of technological. There was a strong knock-on effect throughout the organization of both entities and human resources. Routines that were as fundamental as inventory taking and the capitalization of interest, which represented an important effort in time and personnel, were reduced to a minimum. It was necessary to alter the processes of collecting and transferring information. New administrative procedures were designed and, in short, it was necessary to modify significant aspects of management.

From the organizational point of view, the processes were slower. However, as a result of the technological change, the organizational structure of the companies was gradually modified. My opinion is that the most reliable indicator of this process was the gradual differentiation between Main Offices and Central Services. The Main Office was to become more and more a utility office, segregating the Central Services which made capital gains from the business that constituted and was controlled by the different departments. In this sense, the new operating methods incorporated new departments that dealt with aspects such as direct debits and credits (transfers into and out of clients' accounts), foreign affairs (foreign currencies, transfers to and from other countries and information exchange with foreign clients) and the services that deal with interoffice operations, once the teleprocessing networks were up and running.

Undoubtedly the great leap was taken in the second half of the seventies and the early eighties. It is what Quintás (1991) called the new technological revolution, based on the intensive use of information technologies which was the key factor and determined structural change. But we must not lose our perspective and see that the technological change was started at the end of the 1960s. That is where the operational mod-

⁷⁰ Much of the information set out in this section comes from the monographs on savings banks published to date and also from an analysis of the reports of entities and of the CECA. For bibliographical details see Edo (2001) and the bibliography in Maixé (dir.) (2003).

ernization springs from in these entities. In the same way it was during these years that the organization started to become more structured. Slowly, the organizational structure of Spanish savings banks took on a more specific and well-defined profile, while the internal organization was to move towards a multifunctional structure.

The Spanish transition from the Franco dictatorship to democracy, the Constitution of 1978, the holding of free elections and the start of the model of a State of Self-Governing Regions constituted a crucial step in the development of contemporary Spain. The evolution of social conditions and the economic modernization of the country signalled a period of very significant changes.

We have already seen that in the first half of the 1970s substantial changes were introduced into the Spanish financial system as a whole. Legislation brought the operating procedures of savings banks and banks closer together, the coefficients of obligatory investment were softened and stricture of the interest rates was modified. The Decree 1838/1975 had great implications for the second wave of savings bank mergers, which was a first step prior to the massive movements that were to take place in the nineties, once the system had already been liberalized. The Spanish savings banks along the Mediterranean coast merged, which led to the formation of the Alicante and Murcia savings bank in 1976-1977; there were also a few takeovers in Catalonia on the part of the *Caja de Ahorros y Monte de Piedad de Barcelona* and the *Caja de Pensiones* in 1979; The *Caixa Galicia* was also created from the savings banks in A Coruña in 1980-1982 and, finally, in 1984-1985 several Castilian and Canary Island savings banks merged. In total, between 1976 and 1985 16 entities were involved in this process (ACECA).

In the summer of 1977, the “Fuentes Quintana” reform, which was basically fiscal and financial, meant that savings banks and banks were once and for all standardized⁷¹. As Lagares (2002) points out, the strategy of financial reform was undertaken in a context of severe economic crisis and of deep political uncertainty. The centre-right government of the *Unión de Centro Democrático* decided on one single line of attack in order to introduce competition into the financial markets: to reform the savings banks system so that they could act in a deregulated market. The system needed to increase in size, the option taken was the alternative to authorizing new banks or opening up the market to foreign banks; possibilities which the government did not consider sensible.

⁷¹ Royal Decree 2290/1977 of 20th August.

The changes were incorporated into the system gradually, as the range of banking operations that savings banks were authorized to perform expanded, particularly those that encouraged their involvement in the business sector. Another important factor in the economic reform was the setting up of the regulations that were supposedly necessary so that, in fact, an asset monetary policy could be enforced. A definitive step in this direction was the raising of the savings entities' cash coefficient to the same level as that of the banks. In this way, the monetary authorities had the option of acting on cash assets or on the coefficient in order to control the evolution of broad money (M3). The reform also regulated the functions and the governing bodies of the savings banks. They were awarded a high degree of freedom in their banking operations and also representation on the regulating bodies. The old Boards of Directors gave way to a General Assembly (the supreme governing body, which included an important representation from investors and institutions), the Board of Directors (general financial administration of the savings bank) and the Commission of Control (which supervised the management of the Board of Directors). A Commission for Social Works and a Balance Overseeing Commission were also set up.

This reform represented the final break with the "statutory self-governance" of Spanish savings banks and changed the traditional composition of the governing boards. Later legislation regarding savings banks was to restrict the running of these entities through the participation of local and regional administrations in their governing bodies. Paradoxically, this policy was simultaneous with the processes of financial liberalization which successive governments from one or other of the political leanings put into practice up until the start of the new century.

The devaluations of 1977 and the progressive growth of the public budget deficit slowed down the liberalization process as far as the reduction of the obligatory investment coefficients was concerned. Furthermore, the end of the decade was characterized by the banking crisis which led to the most famous banking reconversion process in contemporary Spanish history. However, the savings banks managed to remain almost completely uninvolved⁷². Nevertheless, in 1979 the opening of savings banks offices was deregulated within the Self-Governing Community of origin of the savings bank. It was not, however, until 1988 that expansion was allowed throughout Spain⁷³.

⁷² Fanjul (1988) and Bustarviejo et al. (1991).

⁷³ Ministerial Order of 20th February 1979 and Royal Decree of 29th December 1988.

The policy of the Socialist governments that were in power from 1981 was full of the paradox mentioned above. The Regulation of the Basic Rules for Governing Bodies of Savings Banks Act (LORCA), of 2nd August 1985, put forward bringing into line the democratization of the governing bodies and efficient management. However, in the new governing bodies the representation of the depositors and socio-cultural entities was reduced, and that of the town councils of the areas where the savings banks were active increased. The law was subjected to several appeal processes for being unconstitutional, and the Constitutional Tribunal found that part of the contents could be regulated by the regional Self-Governing Communities. These circumstances meant that after 1991 several regional laws were elaborated which regulated the running of the entities with slight differences.

At the same time, other legal dispositions consolidated the modernized monetary policy measures⁷⁴. Among other things, the Socialist government encouraged deregulation in matters of investment obligations. These measures brought about a far-reaching reform of the investment coefficients, uniting them for all entities and reducing their effect on the financing circuits⁷⁵. These dispositions were historic as they allowed Spanish savings banks to recover the authority to freely invest their resources. All these measures attempted to bring the financial system into line with the European Community, which Spain joined in 1986. Finally, the reform of 1988 mentioned above made the requirements for the creation of a bank the same for the Spanish case as for foreign banks and it regulated the creation of bank branches and of savings banks throughout Spanish territory.

Table 7
Segmentation of Spanish Savings Banks (1983-2003)

	No. of Savings Banks*	Savings banks wich are larger than average	Percentage
1983	81	18	22.2
1993	52	12	23.1
2003	47	12	25.5

Sources: AECECA and BEBE
*Incluye CECA

From this time on, the market set the pace for the behaviour of these entities. The deregulation process also affected the Rural Savings Banks and even the Post Saving Bank. The crisis the Rural Savings Banks were going through came to light in 1982, the policy of the Executive benefited the largest Rural Savings Banks, and consolidated

⁷⁴ Act 13/1985 of 25/3/1985 and RD 1370/85 of 1/8/1985.

⁷⁵ Royal Decree of 27th February 1987 and RD of 13th of January 1989 which set out its disappearance in 1992.

a provincial structure. After different attempts at association the Agricultural Credit Bank-Rural Savings Banks Associated Group was formed. For its part, the Caja Postal was absorbed into *Corporación Argentaria*, which was publicly owned and which disappeared on privatization in the nineties.

Between 1989 and 2000 the number of savings banks decreased drastically as a consequence of the third wave of mergers. From being 77 the number went down to just 47, a fall of just over 40%, the sector became more competitive thanks to the concentration of companies (see Table 7)⁷⁶. Liberalization generated intense conflicts of interests, especially among the large, and also the bulk of the small and medium-sized savings banks, which was reflected in their corporative bodies. The CECA was strongly shaken between 1986 and 1991 and only managed to survive through a very far-reaching reorganization. As Comín and Torres (2003) point out, it was necessary to “refound” the body. The process strengthened the institution, and solved the imbalance between the services that the Confederation offered and the new demands of Spanish Savings Banks. The CECA was organized into three areas: associative, operative and financial. The first of these took on a representative role as the association of savings banks with the aim of being able to exert greater influence on the economic authorities and on society. It was to be funded by members’ subscription fees. The other two areas were governed by business criteria and attempted to offer specialist services to the different savings banks. They drew together those services and operations that many savings banks, for reasons of size, cost or risk, could not take on themselves individually. The CECA has continued to act as a sector intermediary in the financial markets and as an investment bank for interested savings banks, and it is these who foot the bill for its operations.

Finally, the Reform of the Financial System Act of 22nd November 2002 redressed certain problems that had been brought about due to the excessive interventionism of the public administrations in the governing bodies. In fact, to avoid the European Union considering certain savings banks to be public bodies, the new financial law provided for there to be limited public participation in these bodies, up to 50% (in some cases it was over 70%). In addition, in order to reinforce continuity in management, the members of the board have to occupy their positions for a minimum of four years. The law also offered a solution to another of the problems that was endemic to Spanish sav-

⁷⁶ Although there were problems related to the fall in productivity in the sector, especially due to the changes in the financial situation, see Grifell-Tatjé and Lovell (1996), and also Caminal, Gual and Vives (1990).

ings banks: their resources and capitalization. A solution was needed for the financing needs of entities that competed in the market with the banks, but which were not limited companies. The Royal Decree of 25th May 1990 announced the issue of participative shares (tradable capital participations, which give no right of say in the running of the entity) which, however, never actually came into effect. The problem was an old one and the entities had met their financing needs with subordinate debt, their participation in the banking market, and so on. However, the problem of their own resources was still wound up a system of preference shares (issued by companies whose registered offices were in tax havens; a device that the banks also used) which obviously, was an affront to the transparency of financial business. Finally, in 2002 the Finance Act gave legal weight to the issuing of participative shares.

Without a doubt, having such a dynamic institutional framework makes the analysis of the processes in the field of management and organization of these companies more difficult. Nevertheless, along general lines, the largest Spanish savings banks, and some smaller ones, had a more or less precise multifunctional structure in the 1970s. The differences were due to the degree to which the functions and the departments were defined. The development of competition and the loss of their position as oligopolies forced Spanish savings banks to join a thoroughly business culture. Therefore, they had to adapt to policies which were based on their results. In fact, as I have said above, this was the intention of the legislative in 1977. In addition, the rapid evolution of the sector, the growth in the volume of operations and the integration of a wider and wider range of products and services increased the number of directors, technicians and employees. This set of circumstances required new systems of organization and control.

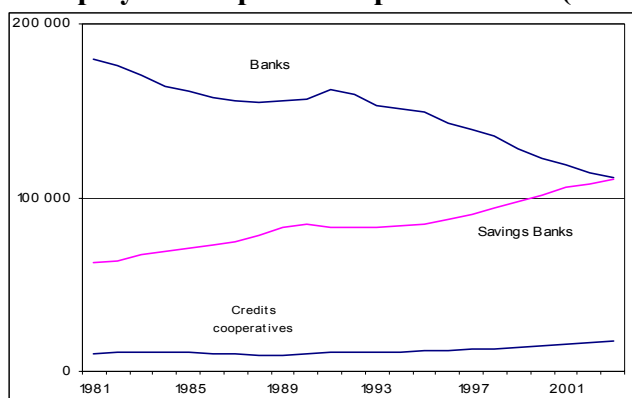
This dynamic includes the processes of mergers and takeovers described above. The new mergers belonged to the class of horizontal integration with the main aim of increasing the market⁷⁷. However, the success of these policies has historically been related to the efficiency of the reorganization processes that have taken place later on⁷⁸. The new entities faced important reorganization and administrative centralization processes. There was another alternative, which without doubt was not very efficient in the long term but which had its supporters in the administrative apparatus of the savings

⁷⁷ Apart from the merger of 18 regional trustee savings banks in the United Kingdom in 1986, the Spanish savings banks have carried out more restructuring through mergers than any others in Europe, Revel (1990: 217).

⁷⁸ See Schmitz (1993).

banks. I am referring to a type of integration holding, in which the merged companies maintained their operational autonomy. The alternative was not without its costs, given the territorial nature of many of the merged savings banks. The expansion of Spanish savings banks after the civil war had led to a distribution based on areas of influence, and their networks of offices did not normally overlap.

Graph 1
Employees in Spanish Deposit Entities (1981-2003)



Source: BEBE

This situation meant that initially many merged savings banks went through an organizational transition, during which the territorial structure continued to have a certain influence. The standard organigram defined three separate areas: Territorial Areas, Central Services and Staff Bodies (see Figure 4). The organizational-functional keys to the first transition were a) the consolidation of Central Services through the creation of new functional units and b) the separation of Central Services from Area Management, providing them with their own means. Area management enjoyed autonomy within their geographical area of action. Each area management became the centre behind the commercial action of the entity. This process did not take place in the largest savings banks which took over other smaller ones, in which case, the dominant position of the large savings bank was the more important.

However, already in the 1980s we saw an important reorganization which involved a high degree of centralization and a loss of influence of the territorial areas. The functional departments were better defined, organized according to a linear structure: the Division directors (normally with the grade of Assistant General Manager) had executive authority and coordinated the lower levels. The staff bodies were reinforced through the incorporation of the odd Assistant General manager. For their part, the commercial divisions, which were in charge of the networks of offices and the territorial

networks, centralized part of the management capacity which the areas had enjoyed up until then.

With the new decade, the continual tightening of the intermediation margins, brought about by the strong competition established in the sector, also required the optimization of internal management. However, the requirements of a demand for personnel with higher levels of financial literacy required an innovative effort. These conditions are indirectly reflected in the evolution of employment in savings banks and banks during the last decade (see Graph 1).

Finally, this set of circumstances has favoured the development of more decentralized points of view in relation to the commercial factor, which without establishing a multidivisional structure, has led to a qualitative change in the organization of Spanish savings banks. Within this framework, in the 1990s, some staff bodies became executive divisions, while the financial, commercial and systems divisions remained basically perfectly stable linear bodies (see Figure 5 in Appendix). The three divisions tend to take on the key functions of the banking operations performed by savings banks. The financial division, by means of the Risk and Investment Departments, gives support to the majority of financial management. In turn they lead the administration, the control and the analysis of the different areas of business activity of the financial corporations. This is the model that has been adopted in order to organize the growing business groups of Spanish savings banks. Today, the commercial divisions manage the multiplicity of activity networks (regional, national and international). Finally, the systems divisions are the heirs of the old calculation centres, their activity has seen a geometrical increase, as has the complexity of their operations.

The strategies for expansion of each entity have depended on the specific situation of the sector. Two strategies have been devised: one, specialized in specific segments and products (small and medium-sized savings banks) and, the other, based on the idea of universal banking, assisting small and medium-sized companies, financial disintermediation and international selective expansion (large savings banks). Obviously, the second alternative is autonomous, while the first requires cooperative support, whether from a set of savings banks or from the corporative organizations of the savings banks. This last strategy has been put into practice in two different ways, since in the mid-1980s cooperation agreements were formed between savings banks in products, services, research and training of personnel (savings banks in Valencia, Ronda, Salamanca, and others). However, in recent years cooperation agreements between savings

banks in different self-governing regions have been coming into effect (for example savings banks in the Balearic Islands and in the region of Valencia). This process goes as far as the creation of joint companies and the new dimension of the CECA through its operations and financial areas⁷⁹.

Finally, the social works undertaken by Spanish savings banks in the 1980s and 1990s faced a new challenge. Their very identity as the differentiating factor was brought into question by the liberalization of the financial system. The first setback occurred in the second half of the eighties when their budgets were blocked due to the new guarantee coefficients required by becoming standardized with the banks. Later the social activity of the savings banks recovered quantitatively and qualitatively. Foundations were adopted as the method for carrying out an effective socio-cultural policy. Old parameters, that were hardly valid in an advanced society, were abandoned, leaving room to act mainly in the areas of cultural promotion, encouraging research and training economic agents.

To sum up, we are examining complex dynamics which are difficult to analyse in the short term. Obviously, our focus as business historians is on the broad strokes of the evolution of business, and these are difficult to detect when you are still very close to the events. Logically, a good part of the information falls within the realm of sensitive confidential business information, and therefore, in this last section, I have sketched out only an approximate analysis.

Conclusions

In the nineteenth century, the backward economic and social situation made it difficult for the social innovations that took place in the rest of Europe to make much headway in Spain. Savings and welfare institutions took a long time to take hold and, one of them, the savings banks, started out as modest beneficent institutes at the end of the 1830s and did not really become important until the last quarter of the century.

For a long time, practically up until the contemporary reforms, the factor that differentiated Spanish savings banks was their statutory self-governance and the important role that civil society played in running them. In economic terms, the key to their expansion in the last quarter of the 19th century had a lot to do with their financial equilibrium. Spanish savings banks managed to develop original asset management policies

⁷⁹ See Alenyà (2001) and Maixé (2001).

which guaranteed their sustainability. They could not rely on public debt, which was the traditional line of action for European savings banks, due to the problems of the Public Treasury Administration in the nineteenth century. Their early organization was characterized to a large degree by a lack of definition between governing bodies and management bodies which was, nevertheless, compensated by the experience and long periods of service to these institutions of many of their managers and employees.

During the interwar period, the idiosyncratic factors of Spanish savings banks was consolidated: a strongly embedded social base, corporative development, the performing of Charitable Social Works as the means of channelling the “social dividend” and, temporarily, taking part in the national social welfare system. The pressure from competitive banking accelerated their institutional development which was defined in the Statute of 1933. They started to develop financial activity aimed at household economies, the central pillar of which was the mortgage based on the home. This was all thanks to their ability to progressively attract working class savings. As their organizational structure matured, it favoured the development of the managerial factor and of internal management, reorganizing the role of the governing boards in these fields.

Over the long period when the Spanish economy was set within a framework of corporatism and interventionism, Spanish savings banks –despite the restrictions of the system– managed to maintain a strong public impact. The advances of the nineteen-sixties situated them as the privileged representatives of the family sector. The deregulation that arrived with the return to democracy, integrated them into the competitive financial system. Mergers, the centralization of management which has taken control away from the territorial areas and later on, the tendency towards a multidivisional structure have all led to qualitative leaps forward in organization.

These days, all deposit entities have the same operating criteria and they all have the capacity to carry out universal banking activities. The differences arise from their own strategies and from their idiosyncratic elements. The most dynamic savings banks (large, medium-sized or small) have behaved up until now like first movers since they have carried out a triple investment in production, marketing and management in order to take full advantage of the economies of scale and scope⁸⁰. That is, they have adapted to the management model according to the analysis of Chandler. Along these lines, I have pointed out the strategic efforts of Spanish savings banks to acquire a competitive size. However, we must not forget the role played as competitive factors by the ele-

⁸⁰ After Chandler (1996) and Tellis and Golder (1996).

ments that differentiate them. From this point of view, Spanish savings banks emphasize corporate image, based on a strategy of efficient communication, and providing services with a high standard of quality.

Spanish savings banks are a unique case, both because of the factors that differentiate them from other deposit entities and because of their historical development. It is precisely these two factors that have contributed to their current success. This is a position which is in stark contrast to the critical destiny of their counterparts in the United Kingdom, France or Italy, countries where they have found themselves in serious predicaments in the past.

References:

- Alenyà, M. (2001): "Pasado, presente y futuro de 'Sa Nostra', una institución clave de las Islas Baleares", *Estudis d'Historia Econòmica*, 17-18, pp. 3-16.
- Bustarviejo, A., F. Pampillón and J. Cortés (1991): "Evolución reciente de la financiación de las cajas de ahorros a la economía española", *Papeles de Economía Española*, 46, pp. 54-70.
- Caminal, R.; J. Gual and X. Vives (1990): "Competition in Spanish banking", J. Dermine (ed.): *European banking after 1992*, Oxford, Basil Blackwell.
- Castañeda, Ll. (2001): *El Banco de España (1874-1900). La red de sucursales y los nuevos servicios financieros*, Madrid, Banco de España, Servicio de Estudios (Serie Historia Económica, 41).
- Ceballos, J. G. (1929): *Libro del ahorro*, Madrid, El Financiero.
- Chandler, A. D. (1990): *Scale and scope : The dynamics of industrial capitalism*, Cambridge, Massachusetts, The Belknap Press of Harvard University.
- Codony, J. M. (1978): *El ahorro popular y su contribución al desarrollo de la economía española*, Barcelona, Real Academia de Ciencias Económicas y Financieras.
- Comín, F. (2003): "La Confederación Española de Cajas de Ahorros: asociación representativa, caja de cajas y proveedora de servicios (1928-2003)", *Economistas*, 98, pp. 36-45.
- Comín, F. y E. Torres (2003): "Una historia urgente de la Confederación Española de Cajas de Ahorros", *Papeles de Economía Española*, 97, pp. 246-284.
- Cuadras Morató, X.; A. Fernández de Castro and J. R. Rosés (2002): "Productividad, competencia e innovación en la banca privada española, 1900-1914", *Revista de Historia Económica*, XX (2), pp. 543-575.
- Edo, V. (2001): "Bibliografía general sobre el sistema financiero español. Las cajas de ahorro e Ibercaja", F. Bono and E. Fernández Clemente (dirs.), *Ibercaja una aportación al desarrollo económico y social, 1876-2001*, Zaragoza, Ibercaja.
- Fanjul, J. (1988): "Aspectos jurídicos de las crisis bancarias en España", en *Aspectos jurídicos de las crisis bancarias (Respuestas del ordenamiento jurídico)*, Madrid, Banco de España.
- Fernández Clemente, E. (1993): "Las Cajas de Ahorros en la Prensa Económica (1923-1936): «El Economista», «El Financiero» y la «Revista Nacional de Economía»", *Proyecto Social*, Teruel, pp. 47-70.
- García López, J. R. (1989): "El sistema bancario español del siglo XIX: ¿una estructura dual? Nuevos planteamientos y nuevas propuestas", *Revista de Historia Económica*, 1, pp. 111-132.
- García López, J. R. (2000): "Banking Merchants and Banking Houses: the Hidden Key to the Workings of the Spanish Banking System in the nineteenth Century", *Accounting Business and Financial History*, vol. 10, nº 1, pp. 37-56.

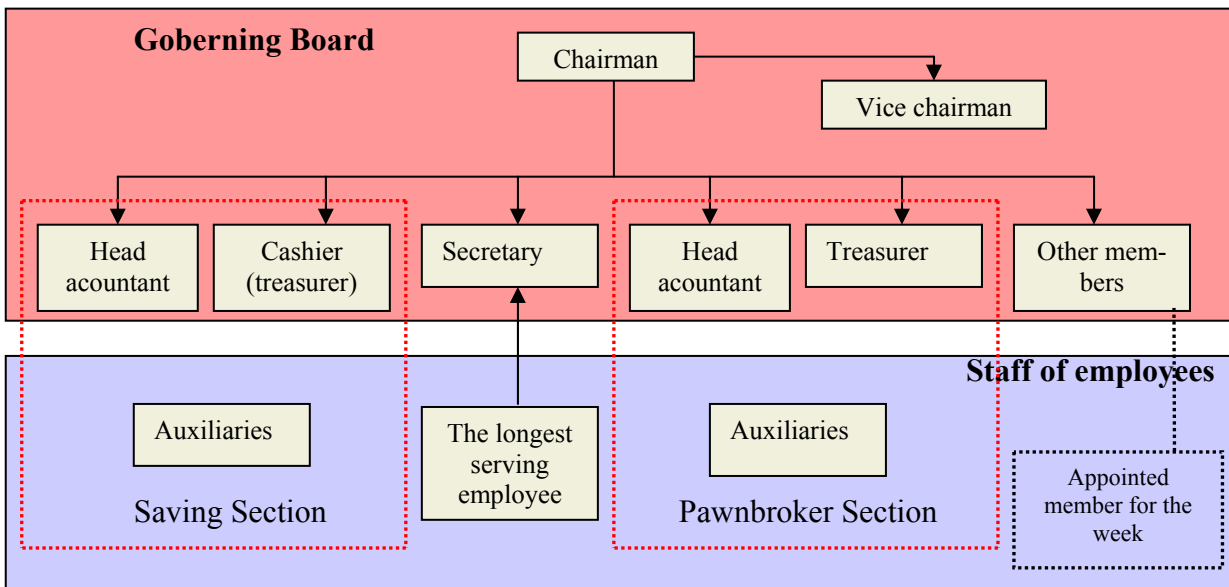
- García Roa, A. (1994): *Las cajas de ahorros españolas: cambios recientes, fusiones y otras estrategias de dimensionamiento*, Madrid, Civitas.
- García Ruiz, J. L. (2002): “Los arreglos interbancarios durante el franquismo” *Revista de Historia Económica*, XX (2), pp. 365-386.
- Gonzalo, L. (1981): *El Tesoro público y la Caja General de Depósitos (1852-1868). Un estudio sobre la Deuda flotante en España a mediados del siglo XIX*, Madrid, Instituto de Estudios Fiscales.
- Grifell-Tatjé, E. and C.A.K. Lovell (1996): “Deregulation and productivity decline: The case of Spanish savings banks”, *European Economic Review*, 40, pp. 1281-1303.
- Hermida, C. y E. García Sánchez (1980): “El retiro obrero obligatorio en España; génesis y desarrollo (1917-1931)”, *Estudios de Historia Social*, 14, pp. 7-61.
- Hernández Andreu, J. (coord.) (1996): *Historia monetaria y financiera de España*, Madrid, Síntesis.
- Lagares, M. J. y J. M. Neira, (2003): “Diego Medrano y Treviño, creador de las Cajas de Ahorros españolas”, *Papeles de Economía Española*, 97, pp. 128-173.
- Laraña, M. (1945): “Examen histórico y análisis crítico del origen, aparición, implantación y desenvolvimiento de los Seguros Sociales en España”, *Moneda y Crédito*, 15, pp. 23-39.
- Lukauskas, A. J. (1997): *Regulatin Finance: The Political Economy of Spanish Financial Policy from Franco to Democracy*, Ann Arbor (MI), University of Michigan Press.
- Maixé, J. C. (2001): «Las cajas de ahorro y el desarrollo económico balear (siglos XIX y XX)», *Estudis d'Història Econòmica*, 17-18, pp. 101-137.
- Maixé, J. C. (2003): “Las cajas de ahorro y la financiación del desarrollo regional asturiano”, *Papeles de Economía Española. Economía de las comunidades autónomas*, 20, pp. 287-309.
- Maixé, J. C. (dir.) (2003): *El ahorro de los gallegos. Orígenes e historia de Caixa Galicia (1876-2002)*, A Coruña, Fundación Caixa Galicia.
- Maixé, J. C., E. Lindoso and M. Vilar (2001): “Savings Banks and regional Economic Growth in Spain in the 19th and 20th Centuries”, *Savings Banks as a Financial Institutions: Role, Performance and Impact*, Glasgow, Centre for Business History in Scotland.
- Maixé, J. C., M. Vilar y E. Lindoso (2002): “El sistema gallego de cajas de ahorro en perspectiva interregional, siglos XIX y XX”, en E. López Iglesias y J. J. Ares (eds.), *Novos escenarios para a economía galega*, Santiago, IDEGA, pp. 823-850.
- Martín Aceña, P. (1985): *La cantidad de dinero en España 1900-1935*, Madrid, Servicio de Estudios del Banco de España (*Estudios de Historia Económica*, 12).
- Martín Aceña, P. (1988): *Una estimación de los principales agregados monetarios en España: 1940-1962*, Working Paper, nº 8807, Madrid, Servicio de Estudios del Banco de España.
- Martín Aceña, P. and M. A. Pons (1994): “Spanish banking after the Civil War, 1940-1962”, *Financial History Review* vol. 1, nº 2, pp. 121-138.
- Martínez Soto, A. P. (2000): “Las Cajas de Ahorros españolas en el siglo XIX: entre la beneficencia y la integración en el sistema financiero”, *Revista de Historia Económica*, XVIII (3), pp. 585-628.
- Martínez Soto, A. P. (2001): “La tela de araña. Mercados informales de financiación agraria, usura y crédito hipotecario en la región de Murcia (1850-1939)”, *Areas*, 21, pp. 185-220.
- Martínez Soto, A. P. (2003): “Las Cajas de Ahorros españolas en el siglo XIX”, *Papeles de Economía Española*, 97, pp. 174-204.
- Mazuecos (1980): “La política social socialista durante el primer bienio republicano; trabajo, previsión y sanidad”, *Estudios de Historia Social*, 14, pp. 75-94.
- Mitchell, B. R. (2003): *International Historical Statistics. Europe (1750-2000)*, London, Palgrave MacMillan, vol. III.
- Montero Canerero, M. (1983): *Bases para la investigación del préstamo y la usura en la sociedad del siglo XIX*, Madrid, CECA.
- Montero García, F. (1988): *Orígenes y antecedentes de la previsión social. Los seguros sociales en la España del siglo XX*, Madrid, Ministerio de Trabajo y Seguridad Social.

- Nadal, J. y C. Sudrià (1983): *Historia de la Caja de Pensiones*, Barcelona, Caixa de Pensions-Edicions 62.
- Plaza Prieto, J. (dir.) (1971): *El ahorro y la formación de capital en España (1939-1968)*, Madrid, CECA, 2 vol.
- Pons, M. A. (2001): "Oligopolio y tipos de interés en la Banca española, 1942-1975", *Revista de Historia Económica*, XIX (3), pp. 679-703.
- Pons, M. A. (2002): *Regulating Spanish banking, 1939-1975*, Aldershot, Ashgate.
- Prados, L. (2003): *El progreso económico de España: 1850-2000*, Bilbao, Fundación BBVA.
- Pueyo, J. (2003): "Oligopolios y competencia en la banca española del siglo XX", *Revista de Historia Económica*, XXI (1), pp. 147-195.
- Quintás, J. R. (1994): "Tecnología y estrategia en la banca de fin de siglo", *Papeles de Economía española*, 58, pp.174-190.
- Revel, J. (1990): "El tamaño de los bancos españoles: fusiones bancarias un proceso continuo", E. Ballarin et al., *La banca española en los noventa*, Madrid, Colegio de Economistas.
- Ródenas, C. (1978): *Banca i industrialització. El cas valencià, 1840-1880*, Valencia, Ed. Tres i Quatre.
- Sardà, J. (1970): "El Banco de España (1931-1962)", F. Ruiz Martín et al., *El Banco de España. Una historia económica*, Madrid, Banco de España, pp. 419-479.
- Schmitz, C. (1993): *The Growth of Big Business of the United States in Western Europe, 1850-1939*, London, MacMillan.
- Schwartz, P. (coord.) (1970): *Ensayos sobre la economía española a mediados del siglo XIX*, Madrid, Banco de España.
- Soto Carmona, A. (1989): *El trabajo industrial en la España contemporánea, 1874-1936*, Madrid, Anthropos.
- Sudrià, C. (1985): "Formas de industrialización y desarrollo bancario en Cataluña y Euskadi (1840-1936)", M. González Portilla, J. Maluquer de Motes y B. de Riquer (eds.), *Industrialización y nacionalismo. Análisis comparativos*, Barcelona, Universitat Autònoma de Barcelona.
- Sudrià, C. (1995): "Los bancos de emisión provinciales en la España del siglo XIX", P. Tede and C. Marichal (coords.), *La formación de los bancos centrales en España y América Latina (siglos XIX y XX)*, Madrid, Banco de España (*Estudios de Historia Económica*, 29), pp. 81-107.
- Sudrià, C. (1998): "Las cajas de ahorros en los orígenes del retiro obrero (1900-1936)", *Papeles de economía española*, 74-75, pp. 323-331.
- Tedde, P. (1974): "La banca privada española durante la Restauración (1874-1914)", G. Tortella (dir.), vol. 1, pp. 219-458.
- Tedde, P. (1999): *El Banco de San Fernando*, Madrid, Alianza.
- Tellis, G. J. y P. N. Golder (1996): "First to Market, First to Fail? Real Causes of Enduring Market Leadership", *Sloan Management Review*, Winter, pp. 65-75.
- Titos, M. (1976): *El Monte de Piedad de Santa Rita de Casia y los orígenes del crédito en Granada*, Granada, Caja G. de Ahorros y Monte de Piedad de Granada.
- Titos, M. (1979a): *La Caja General de Ahorros y Monte de Piedad de Granada, 1891-1978. Aportación al estudio de la historia económica de Andalucía*, Granada, Caja General de Ahorros y Monte de Piedad de Granada.
- Titos, M. (1979b): "La Caja General de Depósitos (1852-1874)", *Moneda y Crédito*, 151, pp.79-104.
- Titos, M. (1989): "La Caja de Madrid en el siglo XIX: ¿actividad asistencial o financiera?", *Revista de Historia Económica*, 3, pp. 557-587.
- Titos, M. (1997): "Conjoncture et crise: les Caisses d'Épargne en Espagne au XIXe siècle", en *L'Histoire des Caisses d'Épargne Européennes*, vol. 2, Paris, Les Éditions de l'Épargne, pp. 113-131.
- Titos, M. (1999): "Las cajas de ahorros (1853-1962)", en P. Martín Aceña y M. Titos (eds.), *El sistema financiero en España. Una síntesis histórica*, Granada, Universidad de Granada, pp. 135-161.

- Titos, M. (2001): "Las cajas de ahorros en España: entre el intervencionismo y la liberalización", *Estudis d'Història Econòmica*, 17-18, pp. 213-240.
- Titos, M. (2003a): *El sistema financiero en Andalucía: tres siglos de historia (1740-2000)*, Sevilla, Instituto de Estadística de Andalucía.
- Titos, M. (2003b): "Las cajas de ahorros en España 1835-1874. Orígenes, organización institucional y evolución financiera", *Papeles de Economía Española*, 97, pp. 205-229.
- Titos, M. y J. López Yepes (2002): *La Caja de Ahorros de Madrid (1970-2000)*, Madrid, Caja Madrid.
- Tortella, G. (1974a): "Una serie de cuentas de ahorro no bancarias 1874-1914", G. Tortella (dir.), vol.2, pp. 541-546.
- Tortella, G. (1974b): "Las magnitudes monetarias y sus determinantes", G. Tortella (dir.), vol.1, pp. 457-521.
- Tortella, G. (dir.) (1974): *La banca española en la Restauración*, Madrid, Banco de España, 2 vol.

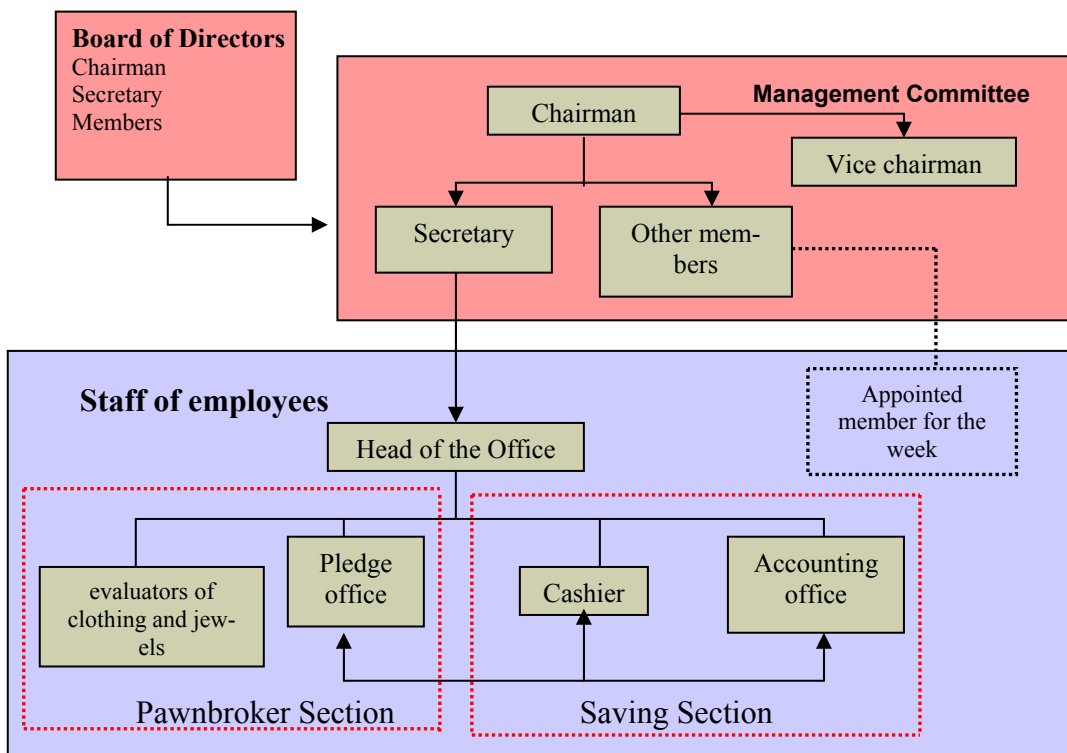
APPENDIX

Figure 1
Governing and Administrative Bodies in the First Spanish Savings Banks



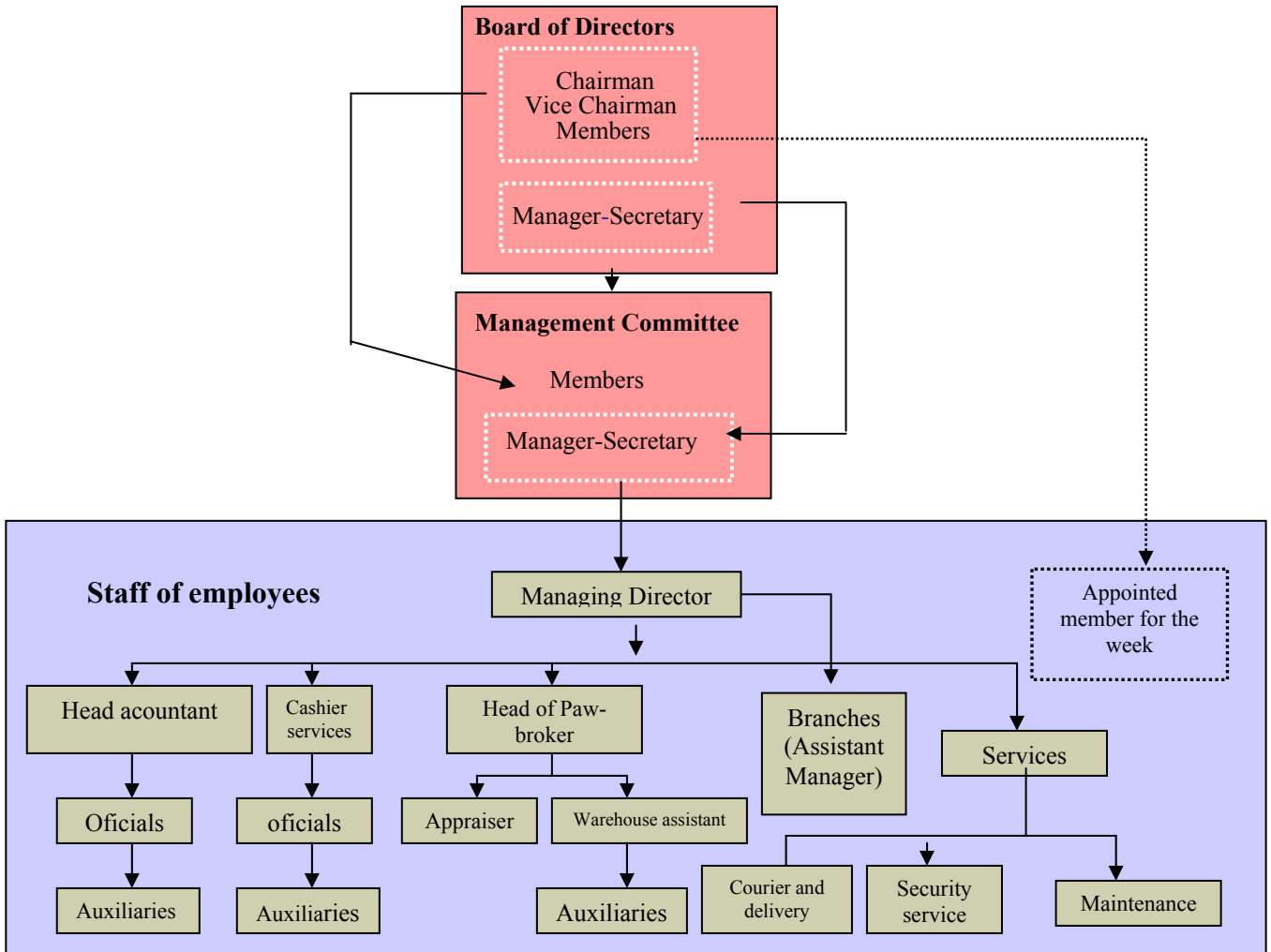
Sources: produced by the author using the collection of savings banks' regulations, statutes and reports from the Bank of Spain library, the Bank of Spain archive, Private Banking, box 104, 106, 107, 117, 542 and from the archive of the Caixa Galicia.

Figure 2
Governing and Administrative Bodies in 19th Century Spanish Savings Banks



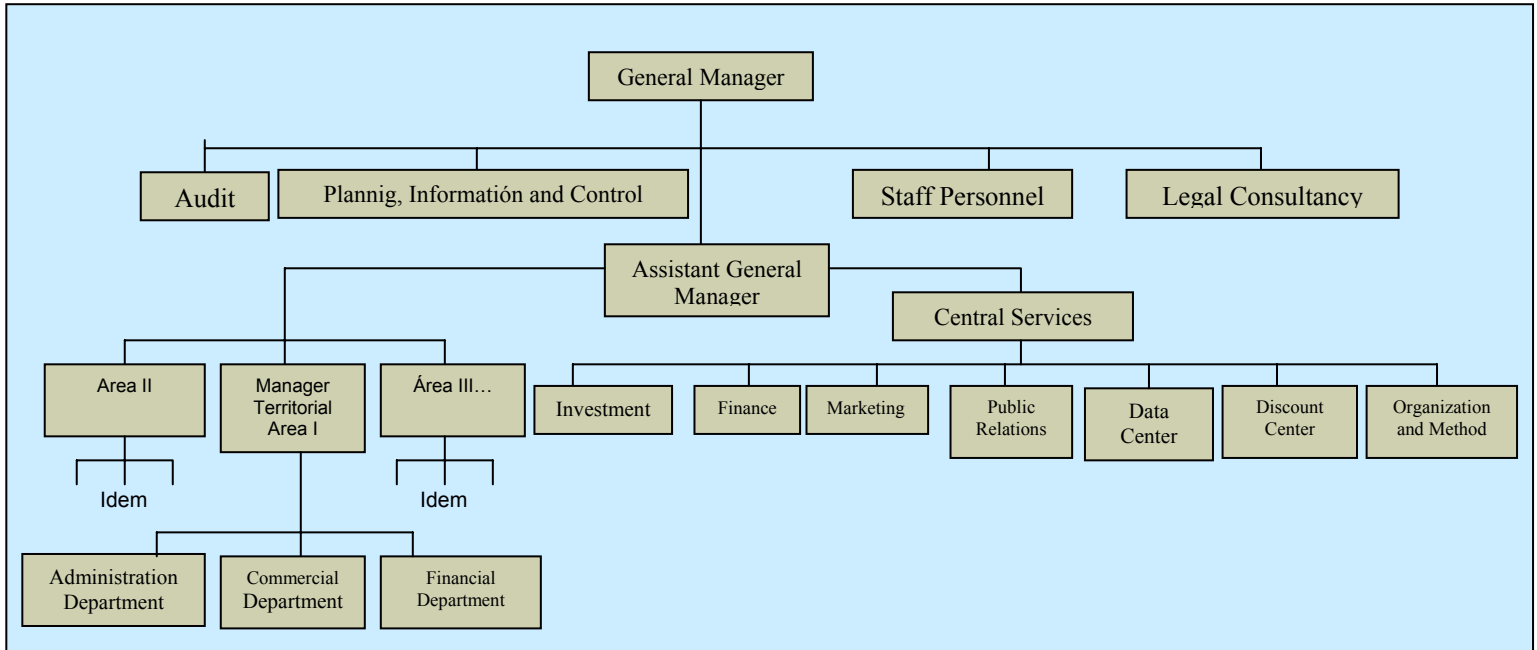
Sources: See Figure 1.

Figure 3
Governing and Management Bodies of Spanish Savings Banks during the Interwar Period



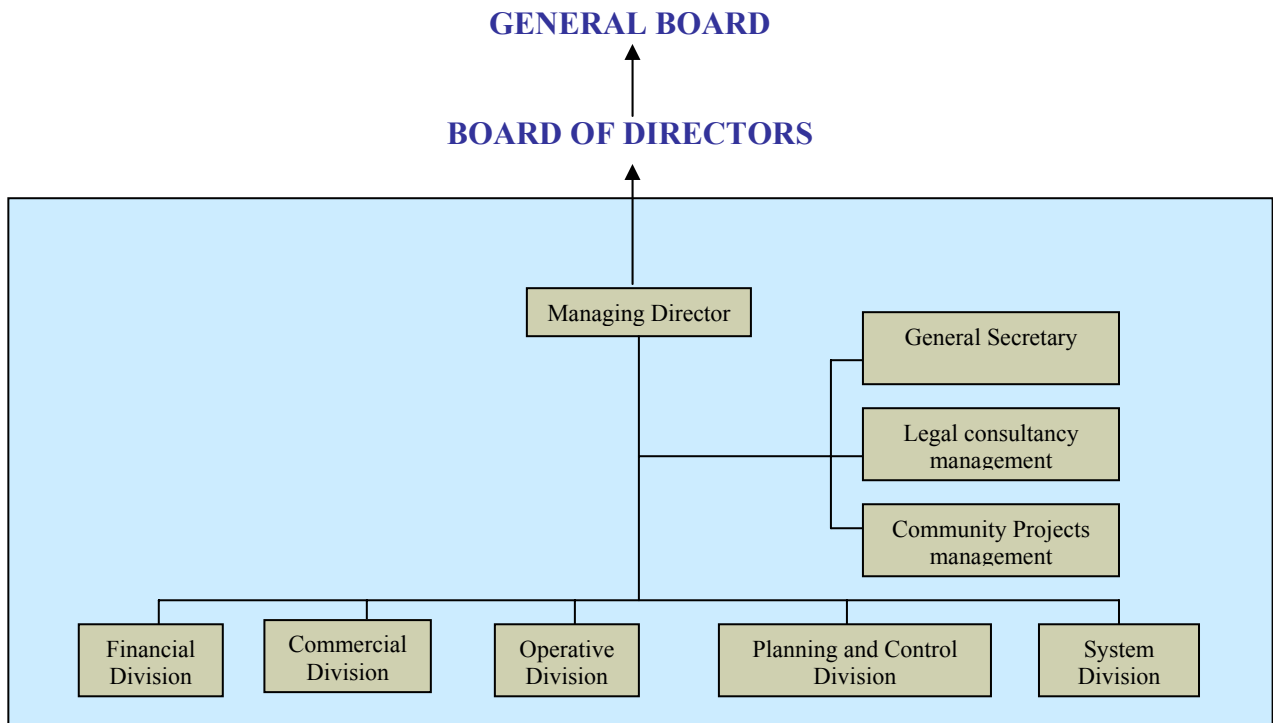
Sources: see Figure 1.

Figure 4
Spanish Savings Banks' Management Bodies in the 1980s



Sources: Savings Entities' Reports and CECA

Figure 5
Savings Banks' Government and Management Bodies at the end of 20th Century



Sources: Savings Entities' Reports and CECA.