

BANCO DI ROMA's MEDITERRANEAN THRUST 1900-1952

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The years between 1911 and 1945 constitute a period when, given the concurrent presence on the island of banks of French, Italian, British, and Maltese origin, Malta already contained elements that could have been the foundation for an internationalisation process of the financial sector in the country. In subsequent years this would certainly have been for the benefit of the island's economy, the hopes for which started getting closer to reality after the 1988 Malta International Business Act (Cap.330), subsequently further amended in 1994.¹

In this study I propose a close look at the Maltese, and more specifically Mediterranean, link with one of the major banks to be located in Malta during the first years of the twentieth century, i.e. the *Banco di Roma*.²

Up to our own times *Banca di Roma* is still one of Italy's major financial institutions. The bank's history - a major study in three extensive volumes by Luigi and Gabriele de Rosa, published between December of 1981 and November of 1983 - provides ample evidence that Malta was the *third* territory which the bank's strategists had earmarked wherein to commence the bank's expansion outside Italy, the previous two being Paris and Alexandria.

The early 1900s were a period of dynamic progress for *Banco di Roma*. Public approval and support for the sense of entrepreneurship which the bank's leadership was showing was shown through keen subscription to share issues which carried a high purchase premium. Nevertheless the bank's Board Minutes of the 7th of May 1906 records comment which suggests that domestic

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economic altruism on a national scale was not in fact guiding the bank because the bank was 'limiting its activities to those Italian provinces where commercial and industrial activity was at its height.'³

During this period *Banco di Roma* held back from investing in Southern Italy. It ignored, for example, Italy's 1904 Act to promote industrialisation in the Neapolitan region, as well as those enacted between 1904 and 1906 for agricultural expansion in the Calabria and Basilicata regions.⁴

It therefore appears that the directors of *Banco di Roma* were predominantly guided by the belief that, consistent with limiting itself to the more active commercial centres, the bank was recording extraordinary progress. At the end of 1895, for example, the bank's total assets had been less than five million Lire (including a loss of Lit 631,653 sustained in that year): but in a period of less than eleven years, i.e. by end 1906, these assets had climbed to around 229 million Lire.

Inauguration of the Branch in Malta

Around halfway through that extremely profitable year, 1906, the decision to open a branch in Malta was taken. In truth well before that year various requests, promptings, and suggestions had been made in this direction by several Italian citizens working or living in Malta. What is worth noting is the fact that even a number of French or Francophile individuals - (and it must not be forgotten that a French bank, the *Credit Foncier d'Algerie et de Tunisie*, already had a presence here) - showed interest in *Banco di Roma* opening up in Malta. On 18th July 1906 the French Consul in Malta wrote to his Minister for Foreign Affairs⁵ that the island had 'a substantially high level of trade with the continent' and that, apart from *Anglo Egyptian Bank Ltd* (which already had important business dealings with the *bourse* in Paris, and with those in London and Cairo), in his opinion the island did not have 'a bank worthy of that name.'

Banco di Roma's president during that period was Giulio Pacelli. He was however much more than that. He was undoubtedly the bank's major business getter and, it appears, also the bank's major researcher. Pacelli carried out a quiet but efficient study on Malta's economic situation, which led him

to various conclusions. In the first instance it resulted to him that the few banks and bankers present on the island were not enough to satisfy the needs of local business. Secondly, in terms of size, population, and related savings patterns, the Maltese Islands were not, in his view, to be considered as poor. Finally, and above all, there were various religious orders, and a substantial commercial traffic generated by the presence of the British fleet and army.

On the basis of these deductions, on 7th May 1906 the Board of *Banco di Roma* discussed the possibility of opening a branch in Malta.⁶ And only five months later, on the 4th October 1906 this branch was opened at No.11, Archbishop Street, in Valletta, in a building which (ironically) years later would also come to house the *Malta Government Savings Bank* (an even older bank established in Malta in 1825 under the governorship of the Marquis of Hastings).

The Malta branch of *Banco di Roma* was placed under the supervision of a committee composed of six members nominated by the Bank from amongst Maltese personalities of the time. This committee had control and audit powers of a very wide extent, and its first members were Massimiliano De Bono, Arturo Mercieca, Architect Emanuele Galizia, the Baron of Gomerino Ugo Testaferrata, and Alfons Maria Micallef.

Management of the branch was in the hands of a certain Signor Cantoni (no relationship to the famous impresario Luigi Cantoni who later was opera's major promoter in the island). Cantoni was called to serve in Malta from Tivoli, and assisting him was Signor Bornaccini who, though being an Italian citizen, had been living in Malta for many years. It appears that the latter's choice for the post had prompted some general criticism as 'he [was] is not held to have the qualities required for an enterprise of this nature.'⁷

Other employees in the supervisory grade were brought over from Italy, and a number of other workers were recruited in Malta. It appears that a determining factor (one does not exclude political considerations) in such employment was the ability to speak Italian *as well as* English and Maltese. Amongst the bank's local employees I owe mention of this researcher's uncle, Giuseppe Sidoli, who was married to Olga Sidoli (my aunt) who was then a well-known pianist in Malta. Sidoli was still enjoying his *Banco di Roma* pension

up to the years when this study was being researched, living in Palermo in Via Isidoro Carini (later to become the street where the atrocious murder of Carlo Alberto dalla Chiesa took place). During the 1940s *Banco di Roma* also had on their managerial staff in Malta Antonio Bavai who was from Ancona. He married Maria Hyzler and they later went to Palestine, and subsequently to Turkey, in the bank's service.

The opening of *Banco di Roma's* branch in Malta was a big event. The French Vice-Consul described it as a *vera premiere alla quale il Tout Malta era stato invitato*.⁸

The factor of religion

In preliminary studies, and leading up to the immediate opening, of this branch in Malta it is very evident that the presence of a number of religious orders in Malta was an important factor. In Italy *Banco di Roma* was nicknamed as the *banca dei preti*, and all religious in Malta at the time, eminently papist, approved and welcomed the bank's advent here. When Count Soderino, and all the leading lights of the bank who came to Malta for the opening arrived from Rome, they immediately paid a courtesy visit to Bishop Monsignor Salvatore Gaffiero. And they came duly equipped with very nice letters of introduction addressed to the reverend superiors of all the leading religious orders then present in Malta.

On their part the Bishop, various members of the *Camera Pontificia*, and canons of the Cathedral Chapters and basilicas in Malta and Gozo, all attended the bank's inauguration. The obvious idea was that this new bank would be given all encouragement, and this it seems was something that was not at all welcomed by certain French diplomatic sources, judging by some reports that found their way to Rome from the local Consul.⁹

Hardly had the Malta branch of *Banco di Roma* started to function that the local management increasingly started being faced with the question of whether the bank actually needed a different, or additional, branch, but this time located in Tripoli, Libya.

Actually the bank as a whole was going through a very positive growth

phase. At the end of 1906, despite expansion costs, profits were good and exceeded previous years,¹⁰ and an unchanged dividend of 7% was again distributed to shareholders. No doubt the overseas operations of the bank were a major contributing factor. In Egypt for example the bank had two branches, and in 1909 the crisis in production of cotton had pushed up prices with the bank making good profits from the thus ensuing heavy lending. Profits in the bank's Paris operations were also good.¹¹

In June of 1909 *Banco di Roma* again decided on an increase in its Capital - from 50 to 70 million Italian Lire - through the issue of 200,000 new shares at a price of Lit 102.50 per share, and these shares were reserved for existing shareholders on the basis of a two-for-one rights issue.¹² Luigi de Rosa, the bank's leading historian, holds that this capital increase was more intended to serve as a basis for territorial expansion in line with a long term plan, than to provide the bank with increased resources for its day to day business. It also appears that some pressure may have been brought to bear upon the bank - by the *Banca d'Italia* (the national central bank) on the one hand, and by *Banco di Napoli* on the other - to absorb the *Società di Assicurazioni Diverse*, an old Neapolitan financial institution established in 1895.

The thrust towards the South

It was only very gradually that *Banco di Roma* became slightly more amenable to expansion towards the South. This is understandable given that equally slow was the change in that part of the country's economy, with possibly part of the reason for such change being attributable to legislation specifically intended to boost industrialisation there. Apart from very substantial investment being made in steel plants in Bagnoli, many other new enterprises were set up, in engineering, in chemicals, and in textile activity.

In the negotiations between *Banco di Roma* and the Neapolitan *Società di Assicurazioni Diverse* a number of intermediary banks carried out independent valuations. An agreement was eventually hammered out and that company, which despite its name was in fact a bank, ceased to operate on the 3rd of December 1908. Then on the 30th of June 1909 both its shareholders and those of *Banco di Roma* voted for its absorption into *Banco di Roma*.

On 18th of December 1909 *Banco di Roma* opened a new Mediterranean branch, this time in Naples.¹³ But this operation cannot be held to have been a total success. Soon after initial celebration it became apparent that the positive elements which the *Societa' di Assicurazioni Diverse* had had in its industrial support operations in its Torre Annunziata branch (later reduced to agency status), and a turnover calculated in October 1909 at around 50 million Lire, were more than offset by property financing operations that were not performing.

The next country in *Banco di Roma's* Mediterranean strategy was Spain. Just as certain indigenous elements had stimulated the bank's interest in Malta, so did certain individuals in pushing the bank towards opening a branch in Barcelona. At that time the provinces of Catalonia were in an economically expansionist juncture, with many old and new industries and other activity of a commercial nature.¹⁴

So for *Banco di Roma* - which now had branches in Genova, Naples, Malta, Benghazi, Alexandria, and Paris - a branch in Barcelona meant much in pure business expansion terms, besides that of obvious prestige. We again find the same Pacelli who, encouraged and fully supported by his fellow directors, went to Barcellona to set the scenario and evaluate the possibilities for opening a branch. There he established contact with the owners of an old indigenous bank. This was a small but very solid bank - the *Catalana General de Credito* - and its owners offered *Banco di Roma* a sale not only of the business and goodwill but also of the bank's buildings, all at favourable terms.

Pacelli was authorised to negotiate an agreement, and the bank purchased furniture, fittings, a safe, and all that was in the Barcelona, Tarragona, and Montblanch offices at an agreed price of 400,000 pesetas which represented 50 per cent of the total price for this Catalonian bank.

Catalana General de Credito, which had been founded in 1856, was predominantly an investment bank. Its portfolio was of some two-and-a-half million Lire, and it held the guarantees of its own directors, some of whom were of very substantial means.

The Board of *Banco di Roma* found no problems in ratifying the agreement

hammered out by Pacelli, and the opening of a branch at Barcellona, with an agency at Tarragona, for an indefinite period and with a capital of one million pesetas, was authorised. All activities at the previous agency at Montblanch were however for the moment suspended.¹⁵

For the management of the new branch at Barcellona the Board decided to transfer the manager of the branch in Genoa, and until the move was made temporary running of the place was left in the hands of the Alexandria branch manager, Manuel Guerra. The inauguration of the branch, and that of the agency at Tarragona (this being an important centre for agricultural produce and export towards Northern Europe), was held on the 15th of January 1910, and good banking business started being done right from day one. Eventually, increase in business in Barcellona led the management to realise that reopening of the Montblanch agency was a necessity.

The years 1907 and 1908 were critical ones for the Italian economy. Despite some signs of improvement in the external industrial environment in the following year, the domestic scene remained unchanged, and both the banking and industrial sectors faced many problems of bankruptcies. Although *Banco di Roma*'s main investments had a prudent spread over a variety of sectors, with agricultural financing luckily being prevalent, the Bank still suffered some losses from the failures of several industrial companies.¹⁶

Amortising, or even outright writing off, of losses ensuing from such credits made 1909 a very difficult year. Since 1898 *Banco di Roma* had been paying its shareholders a dividend of 7 per cent, something which only a few other Italian banks were in a situation to do. And 7 per cent had also been the amount paid in years when perhaps even more was available for disbursing. Now however, in 1909, seven per cent was certainly appearing as an exaggeration.

Three of the directors were in favour of a six per cent dividend. One of them, the Marquis Theodoli, maintained that this was a figure consonant with prudent practice, was in any case a decent return, and above all would not compromise the programme which the bank had for further expansion. Theodoli held that it was only the small shareholders who were interested in large divi-

dends, but these were hardly in a situation to help in the bank's plans for further growth. Despite these arguments however at the end of the discussions a dividend of 7 per cent was still paid.

In Libya

At this juncture *Banco di Roma's* Mediterranean history it becomes easy to venture into the account of how the Bank - which at this point was the only Italian bank with branches outside Italy - became involved in what some commentators have euphemistically described as the 'peaceful penetration' of Libya. This is in itself a long story, and perhaps it suffices here to state that Tommaso Tittoni - who had previously been a director of the bank but was now Minister for Foreign Affairs - had been totally in favour of there being a branch in Tripoli to serve as yet another link in the Italy-Paris-Malta-Egypt commercial and financial chain that was being built.

Banco di Roma's presence in Tripoli had its start on the 15th of April 1907, when Enrico Bresciani as Manager, and Henry J. Cotugno as his assistant, opened up for business. And it leads up to the 28th of September 1911 when, after uncontrollable protests and public rioting, many foreigners started leaving the country. On the previous day some 300 of these left Tripoli aboard the French ship *Rhone*, and approximately another 150 left on other ships bound for Malta.

By the end of 1925, from what had been built up as a sizeable framework of foreign branches, *Banco di Roma* now held under its control only the branches it had in Switzerland (in Chiasso and Lugano), in Turkey, Syria, Palestine, and the one in Malta which was obviously predominantly looked upon as a source of deposit funding.

By the end of 1926 *Banco di Roma* was employing a total of 2756 employees in its branches in Italy, and 316 in those overseas. In Malta the number in that year read 20, which exceeded those employed in its representative offices in London (where 10 people worked) and in New York (two), but less than in Turkey (145), in Syria (77), Palestine (40) and Switzerland (20), i.e. for a to-

tal of 3072 employees.

The Abyssinian conflict

But fortunes soon changed again. Early in 1930 most accounts from *Banco di Roma*'s overseas branches were again looking bullish. All offices in Turkey, Syria, Palestine, France, and Egypt were finding no problem in conforming to plans, targets, and directives coming from Head Office, mainly to the effect that 'lending totals agree to the level of deposits that the group of branches in a territory would have raised, whilst remaining constantly available for surplus funds to be moved from one group of branches to another in case of need.' And Malta - despite the fact that all the other local banks, Maltese or English owned, were hostile towards *Banco di Roma* - still remained a primary foreign currency source for the bank.

But Giuseppe Pietro Veroi, the bank's managing director, was already counselling caution as to what could happen to the bank's branches in the Mediterranean should there be further deterioration in the already threatening crisis between Italy and Abyssinia. Views in the British press on Mussolini's claims were already raising doubts about the future. To Felice Guarneri, who was the bank's economist and foreign currency supervisor, Veroi wrote: 'The Bank must keep a wary eye open on the delicate situations in Malta, in Palestine, and in Egypt [...]'

And he added: 'If confidence in our institution were to drop in London we would then have to expect a widening of unfavourable consequences also in Malta, and what is today a regular, controlled, but hopefully pluggable drip, can easily transform itself into a river of withdrawals that would take away from us those deposits placed with Head Office, with later similar consequences in Palestine and Egypt.'¹⁷ Veroi, as we shall see, was a good prophet: the worsening of Italian relations with London had serious consequences on all the foreign branches of *Banco di Roma*, and especially so in Malta.

The international community's reply to Italy's interventionist policy in Abyssinia was that of economic sanctions. The strained relationship between Italy and the United Kingdom left its effects on banking business, and commercial and banking credits in favour of Italy were revoked. British banks were the

first to reduce, and eventually completely stop, all acceptance credits in favour of Italian banks. Then followed American and Dutch banks.

Mussolini, acutely worried about (amongst other concerns) adequate supplies of coal and steel for his war machine, imposed a total national monopoly on overseas purchases of these resources. He simultaneously introduced a number of financial measures: a total stop to payment of any dividends by all commercial companies; a total stop to the granting of any external credit; obligatory conversion of all shareholdings in foreign or Italian companies into Italian Treasury Bonds with a coupon rate of 5 per cent; a tax of 10 per cent on all bearer shares not issued by the state; no doubt a very formidable array of measures.

Despite everything however these measures still did not put a stop to a certain regular rate of increase in domestic banking activity which had evolved with the early signs of war. On the eve of Italian military operations in Abyssinia, Veroi reported an increase in all sectors of the nation's economic and social life 'as a consequence of the bigger needs in the organisation of the nation's defence.'

A "run" on the Bank

By contrast the bank's overseas business was certainly feeling the effects of the tension with the United Kingdom, particularly in Malta and in the Middle East. In Malta especially the bank's clients showed total and real panic, with many withdrawals of deposits, which in the first days of August 1935 were at a daily rate of between thirty-five and forty thousand Sterling. Naturally this raised a lot of worry in Rome because Malta was the main source of foreign exchange for the Bank: *un vero forziere di divise estere* (a veritable stronghold of foreign currency), according to Veroi.

The Malta branch of *Banco di Roma* had established for itself all the classic characteristics of a savings bank. But one question to what extent were customers of this bank drawn to it by its particular characteristics, rather than by favourable treatment in terms of interest. In correspondence dated 2nd February 1935 with Vincenzo Azzolini, Governor of the *Banca d'Italia* (the central bank), regarding an ABI (*Associazione Bancaria Italia*) report on the ac-

tivities abroad of Italian banks, Veroi said:

Our institution, because of its origins, because of its support by Catholics, and because of the name it bears, now exercises on the island an influence and impact which neither the keen competition of other banking institutions (in the front line *Barclays* and *Credit Foncier d'Algerie et de Tunisie*, as well as other banks), nor the repeated slanted and hostile press campaigns, sometimes based on political grounds, sometimes on financial grounds, have managed to dent.

In his letter to Azzolini, Veroi requested that all the deposits which the Malta branch held with the *Istituto Nazionale per i Cambi con l'Estero* (also known as *Cambital*, the Italian state's collating and control body for all foreign exchange holdings) be given interest not at the then current market rate for external deposits of 2 per cent, but at 4 per cent, to make good for the price of attracting such deposits in Malta. As an exceptional measure Azzolini conceded a rate of 3 per cent.

Nevertheless what had come to be considered as a pillar of the Italian banking system in a British territory was severely shaken when economic sanctions started to have their effect. The truth is - and this is amply confirmed in the writings by historians of other banking institutions - that it was not only *Banco di Roma's* client base that panicked and resorted to large withdrawals.¹⁸

The following is the extent of how deposits decreased between December 1934 and September 1935 in *Banco di Roma's* overseas branches:

	Pounds Sterling
Malta	33,087
Palestine	31,630
Syria	13,512
Switzerland	2,572
Turkey	9,564
TOTAL	£90,365

A substantial part of this decrease was by way of withdrawals that took place between June and August of 1935. In percentage terms *Banco di Roma's* deposits fell by 55 per cent in Malta during 1935, with larger drops taking place in Palestine (80%), in Syria (70%), and in Switzerland (60%), and a lower

drop (35%) in Turkey.

The major problem for the bank during this period was obviously that of sufficient bank notes to satisfy demand. Supplies from London for banks in Malta had now become very irregular, and the banks started to impose maximum limits for withdrawals, also often resorting to police assistance to help control queues at their doors. In just one day, on the 27th of September 1938, the Malta branch of *Banco di Roma* paid out 40,000 in Sterling notes. In Beirut, on the same day, seven million French Francs were paid out, these being substantial amounts for those times.

The effects of Mussolini's Mediterranean ambitions were never far from the bank's suffering employees. In October of 1935, soon after the start of hostilities in Abyssinia, Nicola Parodi, manager of the branch in Malta, was arrested by the British authorities and accused of 'activities prejudicial to the interests and salvation of Malta.' He was sent back to his country and later placed in charge of the bank's branch in Lugano up to March of 1946.

Banco di Roma's branches outside Italy, and particularly so those in Malta and Beirut, received absolutely no help or support from the branches of competing banks from other countries. Giuseppe Veroi had foreseen this and wrote about it to his superiors in 1935. There was in fact a sort of mini-war between the banks. The *Banque de Syrie et du Liban*, which in its country had the right of note issue, removed all credit lines hitherto given to Banco di Roma. And *Barclays Bank*, perennially a competitor of Banco di Roma in the Mediterranean, refused even the slightest temporary overdraft, even choosing to ignore documentary evidence of remittances in transit in favour of the bank from London.

On the 27th of September Veroi wrote to Guarneri, now a Minister, that up to then the bank had coped with the situation using its own resources, but now it had reached the stage of having to draw on its deposits with the *Istituto Nazionale per i Cambi con l'Estero*. And, he added, the situation was now worsening as a result of the fact that telegraphic transfers could not be sent to Malta. 'If this branch's tills are kept without funds', wrote Veroi, 'we would be moving towards an irretreivable situation, one which would effect not only the branch in Malta, but which would extend to the whole group of our

branches in the Mediterranean and which, given the particular legal situation, would involve the whole bank.¹⁹

Such problems of *Banco di Roma*, as also was the case of other banks, had their reflection in the total *national* problem of insufficient foreign currency. Because even were the state to fully honour its foreign currency commitments with the local banks, the problem of defending its creditworthiness with other countries still remained. In Italy *Cambital* (the *Istituto Nazionale per i Cambi con l'Estero*) was faced with the choice of either abandoning every Italian bank abroad to its own fate, or helping them right up to the bitter end. The choice was eventually the latter, and *Banco di Roma* even resorted to hiring a private plane from London to fly the needed notes to Malta.

The situation continued to worsen, and by 1939 the position of *Banco di Roma*'s branches in the Mediterranean and in the East (bar those in Africa which appear to have remained unaffected) in terms of deposits was very unencouraging. But Veroi, and Guarneri - now again with the Bank as its new President - had unfortunately both come to be tainted with that brand of grandiose visions of national fascism which Mussolini had worked so hard to implant in the majority of those who occupied vital positions in national institutions. In the bank's Board Meeting of the 18th September 1940 Veroi went so far as to present new plans for expansion of the bank's operations in Tunisia, Sudan, Cyprus, Algeria, Morocco, and later in Nizza and Monaco.

The War

But reality was vastly different. In almost all the branches which the bank had in the Mediterranean events full of problems were reaching their apex, and the end came soon after. During the night between the 10th and 11th of June 1940 the manager of the branch in Malta, Corradino Jannaccio, was arrested, the bank's keys taken from him, and then interned.

He had only been sent to Malta twenty-one days before 'to help in the difficult task of calming the many requests being made for withdrawals of deposits.'²⁰ Some of the bank's other Italian employees in Malta were also interned to San Giovanni d'Acri in Palestine.

In all the bank's branches in Palestine, in Haifa (where furniture and equipment was taken away and auctioned), in Baghdad, in Syria, everywhere the war now suddenly led to a crash of all the extraordinary progress which the bank had made in less than half a century. In eighteen months *Banco di Roma* lost sixteen offices in Eastern Africa, the branch in Malta, four in Palestine, six in Syria, and one in Iraq, for a total loss of 28 offices. These branches had been making an annual contribution of some 100 million Italian Lire to the bank's total turnover, and so were a great setback.

But back home in Italy *Banco di Roma* was still in a very healthy liquid position. And it made up for these losses through intensifying its domestic activity, to a point where for the first eleven months of 1941 Veroi could report a turnover of 1005 million Lire, compared with 814 millions in the previous year.

The whole of Italian banking history between the two world wars is rich in examples of personalities with great vision; individuals who, precisely at moments when clouds were gathering, were already thinking in terms of what would need to be done after the conflict. Valerio Castronovo, for example, in his history of *Banca Nazionale del Lavoro*²¹ mentions Arturo Osio, Imbriani Longo, and Giuseppe Corridori as examples. *Banca Commerciale Italiana* and *Credito Italiano* who, like *Banco di Roma* and BNL, were the other two leading financial institutions having state participation, these too had their great names.

The situation in various *Banco di Roma* overseas branches became even more complicated as the war drew towards its end. In some of them the provision of services to the public had ceased, and the assets of the bank had been sequestered by the victorious Allies as indemnification for the conflict. Later, the problems related to payments for war damages, those of repayment of deposits to account holders, and the returning back to their homeland of some of the Italian employees who had been kept here as prisoners of war, also came to be faced. Specifically insofar as the repayment of deposits to Maltese persons and entities is concerned however, this writer, having been personally involved in the end-part of such exercise even up to as late as the 1970's, can vouch that *Banco di Roma* carried out its obligations to the full

and with precision.

After the War

Article 69 of the peace treaty, which authorised the nations victorious in the conflict to assume ownership of private property pertaining to citizens of the defeated countries as reimbursement for war damages, left the Bank in a practically hopeless situation. All the efforts of Guglielmo Di Consiglio and Montanucci Manlio in Banco di Roma's branches in France, by Vittorino Veronese in Beirut, by Noya, Cambieri, Ribecco, and several others in various branches, aimed at reducing as much as possible the bank's losses, only produced very limited results. But, as I said, above all depositors were refunded, and no doubt this was attributable not only to great sacrifices made in Rome, but also to the high sense of integrity and decorum of the bank's leaders, aided and abetted no doubt by the new postwar sense of determination to rebuild *la nuova Italia del miracolo economico*.

At the end of the war the whole question of *Banco di Roma's* activities outside Italy - both in terms of branches as well as of representative offices - was again discussed. In certain cases it was a question of liquidation methodology; in others that of reopening branches in locations which had been involved in the conflict. So the obvious key question was: what best to do, reopen or liquidate certain old branches? In some cases the decision was decidedly simple: the situation absolutely did not justify reopening.

But in certain other locations - places like Tripoli, Asmara, as well as Malta, where the business had been well established and had had a certain aura of tradition - the problem was a more complicated one. Questions which needed to be answered included: what had exactly happened in these places? Was it possible to conceive reattracting former clients? Or acquiring new and promising customer segments? What were the overall business prospects for the bank? Inevitably the bank had to send leading executives to attempt answers to these questions.

In its efforts for a reawakening in the Mediterranean of its fortunes *Banco di Roma* once again started to face the open resistance of its competitors, and of individuals who, it must be said, clearly bared on their sleeves interests that

were often political or ideological, besides purely commercial. Despite this *Banco di Roma* again opened up in Beirut, with the former manager of *Banco di Roma* (France), Guglielmo di Consiglio, as its new manager.

The return to Tripoli was also interesting. It appears that resistance by *Barclays Bank* was somewhere behind the scenes. Up to late July 1948 representations with the British authorities by both Arab as well as Jewish interests for reopening there of the bank's branches were still under way. But in Libya too, as in Lebanon, the link was again reestablished because on the 13th of August 1951 the Tripoli branch of *Banco di Roma* was reopened.

Similar efforts were made for the reopening of the branch in Benghazi, and repeated requests were made to the Libyan authorities. The final answer came on 17th of October 1952, and it was a negative one with the reason given being: 'for serving the needs of the Benghazi market we feel that the institutions presently functioning, viz. Barclays Bank and Arab Bank, are sufficient.'²² With the more cruel salt in the wound being probably the fact that *Barclays* moved into operation precisely in the same building that had previously served as *Banco di Roma*'s branch!

The *Banco di Roma* branch in Rhodes remained similarly closed. The Turkish ones in Izmir and Istanbul however continued to function and there, as stated, the branch manager for some time was Antonio Bavai. He hailed from Ancona and had married the former Maria Hyzler in Malta. Other branches which reopened after the war were those at Asmara in Eritrea (on the 5th of July 1948), and in Mogadishu in the Sudan (on the 15th May 1950).

The branch in Malta

It was evident therefore that *Banco di Roma* had again solidly taken up the road of asserting its formerly important status in the Mediterranean and in certain parts of Africa and the Middle East. But the last developments in the history of the branch which it had had in Malta are, as elsewhere, sufficient reflection of the colonial interests that were involved.

We have already referred to the fact that before the war this branch was an important source of deposits. These funds used to be sent to Head Office in

Rome, and the bank then either lent them to the Italian government, or reinvested them with its leading correspondents in London: and this in view of the reality that at that time Malta could by no means have been considered as an investment centre with capacity for profitable absorption or refund of such capitals. Luigi de Rosa²³ also holds that at some time part of these funds had also been invested as capital in a new bank bearing the name *Banco Italo-Egiziano*.

Some documentation in *Banco di Roma*'s archives suggests that the British authorities showed reticence and total aversion to the bank's efforts to reopen its Malta branch. One could consider this as somewhat strange when one sees that *Barclays Bank* had already been given permission to reopen their branches in Italy. Even the conditions which were being made by the British authorities for the reopening of the bank's branch in Malta had been accepted. In essence these were to the effect that, firstly, the Italian Treasury Minister had to give a guarantee that when *Banco di Roma* reopens its Malta branch all deposits raised locally would be used *only in Malta*. The second condition was that the bank would bind itself to employ 'only Maltese or British citizens as staff.'

But negotiations dragged on endlessly. At the heart of these discussions was Ugo Foscolo, the bank's managing director, and at the Board Meeting of the 5th of October 1950 he reported as follows:

Since that date (i.e. since the previous meeting with the British authorities held on the 4th of April 1949) these negotiations have continued, but notwithstanding that the Bank has accepted all the conditions imposed by the British authorities as long as the Branch (in Malta) is reopened, these same British authorities have continued to beat around the bush (*tergiversare* - dillydallying - is the word he used!) to the point where, in virtue of the April 1947 Treaty between Italy and the United Kingdom, the refund of deposits has been imposed irrespective of whether the branch is reopened or not.

After the carrying out by its senior managers of certain confirmatory exercises of deposits effectively due refundable to Maltese account holders, the Bank announced that it was prepared to make the payments, and an initial remittance of 84,000 Pounds Sterling was made. Insofar as the accruing of in-

terests was concerned for the period after the 16th of June 1940, i.e. five days after the arrest of the Malta branch manager Corradino Jannaccio, the Bank made it known that it would be favourably inclined towards - *purely on a moral basis* - paying these should the reopening of its branch be authorised. But because this authorisation never came the Bank refused to pay the requests which it continued to receive for such interests.

On and off these negotiations dragged for a further two years. On the 16th of September 1952 the Government of Malta - the British Governor at the time was Sir Gerald Hallen Creasy and the Prime Minister was Doctor Giorgio Borg Olivier - informed the Italian Minister for Foreign Affairs that the Her Majesty's Government and the Government of Malta 'no longer had any further objections to the reopening of *Banco di Roma*'s branch in Malta.'

But this time it was *Banco di Roma* who simply chose not to do anything about the issue. And it would appear as if this was a choice consciously made on the basis of an analysis of 'the problems of a monetary nature which are currently being debated in the Sterling Area.'²⁴

By the end of 1952 virtually the whole of *Banco di Roma*'s Mediterranean presence had ended. On the one hand the war had rendered difficult, if not impossible, that the Bank would return to the former colonies or occupied territories. On the other hand the reasons were the inevitable rivalry remaining between the Bank and the British authorities, and the simple fact that certain locations were no longer of any interest to the Bank in pure commercial terms.

But the bank's losses in the Mediterranean and in North Africa were more than made up for by a very active presence in the Middle East and, above all, in the countries which later were to form the European Community. *Banco di Roma* (France) with Guglielmo Di Consiglio once again at its helm after his service in Beirut, *Banco di Roma* (Belgium), and *Banco di Roma per la Svizzera*, became efficient spearheads which since then have led a continuous presence in international banking.

There is general agreement that the inspiratory start of this new period, around August of 1947, was the appointment of Bresciani Turrone as the

bank's new managing director. He was given responsibility for the bank's international reconstruction and development, working from an office located very far away from all that has been described in this account, i.e. in Washington. The historical orientation of *Banco di Roma* had indeed changed.

Notes

¹ See J. Consiglio, *Breve Storia Bancaria di Malta*, ATAM, Torino, 1983, 'The History of Banking in Malta', *Heritage*, Malta, 1978-1980.

² With effect from the 1st August 1992 the bank's name became *Banca di Roma*, concurrently with the merger with Banco di Santo Spirito spa.

³ Board of Directors, (CA), *Minutes of Meeting, May 7th 1906*, Archives, Banco di Roma, (ABR).

⁴ L. de Rosa, *Momenti e Problemi dell'Unificazione Economica Italiana*, Istituto Editoriale del Mezzogiorno, Napoli, 1947, pp.109-110.

⁵ *Ministre des Affaires Etrangères*, MAEF, N. S. Italie, Vol 27.

⁶ ABR, CA, *Minutes, May 7, 1906*.

⁷ The French Vice-Consul in Malta to the French Ministry of Foreign Affairs, *MAEF, N.S. Italie, 5th October 1906, Vol 27*.

⁸ *Ibid.*

⁹ Console Barrere, *Archivi Ministero degli Affari Esteri Francese*, Roma; and ABR, N.S., Italia, Vol 27, October, 11, 1906.

¹⁰ Annual Reports show the following data: 1905: Lit. 1,736,673; 1906: Lit. 2,941,783; 1907: Lit. 3,132,030

¹¹ Annual General Meeting, *Report of the Board of Directors*, March, 31, 1910, pp.11-12.

¹² ABR, CA, *Board Minutes*, March, 14, 1909.

¹³ ABR, CA, *Board Minutes*, December, 23, 1909.

¹⁴ F. Cabana, *Historia del Banc de Barcellona 1844-1920*, Edicions 62 S/A, Barcellona, 178, pp.106-123.

¹⁵ ABR, CA, *Board Minutes*, April, 15, 1910.

¹⁶ Annual General Meeting, *Chairman's Report*, March, 31, 1910, pp.9-11.

¹⁷ Guarneri Felice, *Report to the Currency Supervisor on External Business Developments and on the External Organisation of Banco di Roma*, June, 27, 1935.

¹⁸ See J. Crossley and J. Blandford, *The DCO Story*, Perivan, Williams Lea Group, London, 1975, pp.91-92.

¹⁹ G.P. Veroi to F. Guarneri, *op cit.*

²⁰ Letter sent by Jannaccio to the Bank's Board, dated 25th January 1954, from the branch in Bergamo where he was then serving.

²¹ V. Castronovo, *Storia di Una Banca - La BNL e lo Sviluppo Economico Italiano 1913-1983*, Giulio Einaudi, Roma, 1983.

²² ABR, CA, *Board Minutes*, October, 28, 1952, Vol.78, p.49.

²³ *op. cit.*

²⁴ ABR, CA, *Board Meetings*, April, 4, 1949 Vol.68 p.41; 5th October 1950 Vol.72, p.32; October, 28, 1952 Vol.78, p.51.