

Some Early Forms of Financial Instruments found in Mid-Sixteenth Century Malta

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A new phase in the development of Malta's economic history was registered with the establishment of the Knights of St John in 1530. Prior to the arrival of the Order the local merchant's range of activity reflected the unrivalled regular sea-links with Sicilian ports which continued to be felt even after 1530.¹ However, the naval organisation and fighting spirit of the Order, which excelled in seamanship, opened up new frontiers in the Levant, the Straits of Gibraltar and beyond.² Furthermore, Malta's economy was stimulated when a proportion of the revenues from the Order's commanderies, which were spread all over Europe, was dispatched into the Common Treasury of the island.³

The island gradually witnessed an expansion in its trade network, which in turn resulted in a greater complexity of the money and credit market. The 'jingle of coin', as Braudel⁴ terms it, diffused itself through various strata of society in Malta.⁵ The harbour area became a focus of movement, constantly exchanging and dispatching goods, services and people – a process which necessitated a network of communication between the island and various other centres of trade. Monetary transactions reveal an intermingling of both local and Sicilian currencies. However, several other different currencies circulated simultaneously in Malta.⁶ This influx of different currencies proved to be beneficial for Malta's economy, since merchants and businessmen were in a better position to carry out foreign payments in respect of various transactions.

Notarial instruments supply nearly all of the evidence available on commercial contracts, since they provide proof of the existence of an obligation. This reflects the importance which must be given to the study of notarial records when reconstructing economic, legal, and social history of trade in the early-modern Mediterranean world.⁷ Listings of accessory clauses and anticipation of possible objections throw light upon all aspects of an obligation.⁸ Various notarial acts dating back to the sixteenth century, which are deposited at the Notarial Archives in Valletta, reveal that even an island as small as Malta could serve as a rendezvous to an international mix of merchants.⁹ The sheltered harbour of Birgu offered some of those same services that were available in established financial centres, although of course on a much smaller scale. The present paper focuses on some financial systems found in mid-sixteenth

century Malta, and delineates the importance of these financial activities in moulding the spirit of entrepreneurship in an island which, prior to the coming of the Hospitaller Knights, was more limited in its trading activities. These different financial aspects become all the more important when they are seen flourishing in an agrarian society such as was early modern Malta.

The most important financial instruments, apart from coins, in early modern Europe, were trade credit, bills of exchange, letters of credit, and other forms of loans. Apart from being a necessary tool for the merchant in order to protect his investments, these also provided a loophole for the businessman, who was prohibited by the Church to make a profit on loans.¹⁰ Loans among individuals were particularly abundant and were disguised as 'amicable loans'. Notarial acts reveal that personal loans were common even among the villagers. Other common forms of business organisation were Partnership agreements. These were often short-term¹¹ and as such were terminated at the end of each business deal.¹²

Trade Credit

Credit is here understood as the exchange of two promises separated in time, since the person offering the service gets paid at a later date. It enabled merchants to carry on an ever-increasing amount of business in an age that possessed an inadequate stock of coins.¹³ Loans were often supplied by petty usurers. However, more important in credit transactions were the money changers, a profession which many a time was performed by the notary himself. The machinery of credit varied immensely from country to country, and conducted at the lowest level, rested on the activities of moneylenders.¹⁴ These often engaged in commerce,¹⁵ but their main business consisted in changing money and in keeping deposit banks. The recurrent clause in commercial legal contracts which indicated that repayment had to be done, '*...in pecunia numerata*¹⁶ *in pace et de plano ut bancus...*¹⁷' is indicative of the wide use of the services of money changers. **(Fig. 1)**

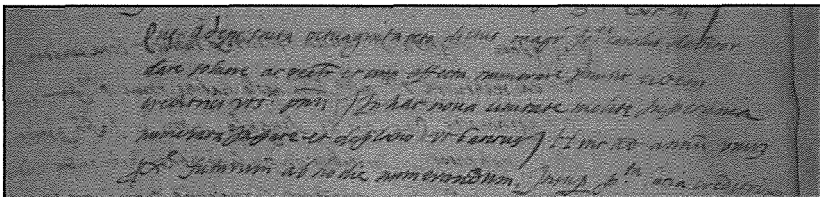


Fig. 1 '*...in pecunia numerata in pace et de plano ut bancus...*'

Source: NAV, MS 514/1, n.f., (28.ii.1560).

Usury – A necessary evil

The loan contract was the most widespread in early modern commerce. However, when discussing money matters one should not lose sight of the fact that in the Catholic West the Church did not recognise the legitimacy of interest.¹⁸ All taking of interest tended to be regarded as usurious and no distinction was made between charitable loans and commercial loans.¹⁹ This fact constituted a serious problem in an age when the Christian church was at the peak of its power as an institution and its dogma strictly adhered to.²⁰ Merchants found themselves in an ambivalent position: their profession and their goals were morally acceptable, but the routine they had to follow to attain these objectives, especially as sedentary merchants, was condemned.²¹

In spite of the fact that during the course of the sixteenth century these restraints were gradually weakened,²² from research carried out at the Notarial Archives, one may note that even in Malta's case contractors were very prudent when it came to loan contracts. This is reflected in the recurrent use of phrases such as '*...causa puri veri et amicabile mutui...*'²³ '*...sine aliquo usurarum...*'²⁴ (**Fig. 2**)

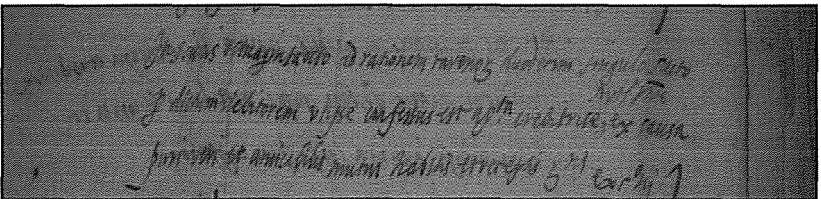


Fig. 2 '*...causa puri veri et amicabile mutui...*'

Source: NAV, MS 514/1, n.f., (28.ii.1560).

Many a time when concluding a contract interest was included in the total sum due. The inclusion of interest through this method assured that the creditor recovered the amount due plus interest without him openly declaring a profit. However, there were cases wherein, due to commercial litigation, the contracting parties ended up in front of the state judges, and in such instances, the debtor usually accused the creditor of making usurious profit at his expense. A case in point is a plea which Antonio de Via presented in front of the judges at the *Magna Curia Castellania* on 8 January 1564.²⁵ Antonio stated that some years back he had borrowed the sum of a 100 *scudi* from Pero Mingra, who effected the payment against a contract which

stated that the sum due was that of 110 *scudi*, thus making a net profit of 10%.²⁶ Furthermore, Pero requested Antonio to pledge a slave which would guarantee payment in case the debtor defaulted in paying. Pero's worries were not unfounded since Antonio did not effect the requested payment. In view of this, Pero confiscated the slave and was about to sell her in order to get his remittance. It was at this point that Antonio presented his appeal in front of the tribunal, since he stated, Pero was going to sell the slave at half her price and this would jeopardise his financial position.

It is interesting to note however, that notwithstanding the rigorous teachings of the church, one may still find loan contracts that did away with the usual reservations. A case in point is a contract dated 23 February 1540 drawn up by notary Giuseppe de Guevara. In this contract although Paolo Burlo declared to have lent 11 *uncie* to Nicola Saga, it was not specifically stated that this was an amicable loan. The only condition which was stipulated was that Nicola had to repay his creditor within a year's time '*ut bancus*'.²⁷ In another contract²⁸ Gerardo Rei from Birgu, who was known as 'the baker', together with his wife Palma, were obliged towards Pietro Giovanni Pitre, a French merchant. The sum in question amounted to 50½ *scudi*, and since Pitre was absent, notary Giuseppe de Guevara appeared on his behalf. The debt had to be repaid by the coming Christmas through the bank and Giorgio Deneapolis from Rome stood as their surety.²⁹ Once again this *debitum* is presented as a straight loan without it being disguised behind the usual neutral terms. Although there is no indication of the payment of interest rates in the contracts, one wonders whether the phrase censoring usury was purposely left out, or whether this was just a slip of the pen.

The above quoted contracts reveal a violation of the prohibition of usury. However, this should not lead us to believe that there were many who obstinately questioned the teaching of the church.³⁰ Evidence of an uneasy conscience may be attained from the spontaneous restitution of usurious gains found in a will³¹ dated 19 October 1546. In this will Margherita de Russo,³² who was from Syracuse but resided at Birgu, stipulated that she owed Giorgio de Marimai the sum of 15 *scudi*, and to Isabella, his wife, another 3 *scudi*. This sum was due in view of an amicable loan, and it was further stated, that she was doing this act for the 'peace of her conscience.'³³

It must also be noted that there were innumerable ways of circumventing the usury prohibition, and from a legal point of view, the merchants had ample chances to make most of the technicalities.³⁴ Compensation for loans was

not licit if it translated itself as gain for the lender. However, if it was charged as a reimbursement for loss or expense, it became licit.³⁵ Interest was considered as compensation due to a creditor in view of a loss he had incurred through lending,³⁶ and therefore it was licit to claim *damnum et interesse* for other reasons not inherent in a loan, such as the failure to repay the principal on maturity.³⁷ Thus, the manoeuvring of legal terminology provided the ways and means by which to procure the much needed advances for commercial activities.³⁸

A contract highlighting the above principle is that drafted by notary Giuseppe de Guevara dated 13 November 1540³⁹. This was categorised as *debitij ad cambium*, and in it the Maltese Lorenzo Chappara, Dimitrio Frendo and Michele Frendo, jointly confirmed to have received from Benedicto Petito and Giuseppe Calafato⁴⁰ the sum of 80 *scudi* in '*permutari seu ad cambium*'. They promised to remit the said sum, which they received in doubloons and gold *scudi* in the city of Messina, within ten days of their arrival in the said city with the *grippo* of Charfuso Bellia. Furthermore, it was stated that if the debtors fell victims of pirates or were shipwrecked, Lorenzo, Dimitrio and Michele were to guarantee that the creditor received payment through their possessions, both present and future. An additional 50 *scudi* were to be paid if the stipulated period of payment was exceeded. In this case interest might well have been disclosed by the fact that additional interest was quoted as a penalty clause in case of late payment. According to Hunt and Murray, in certain cases repayment dates were deliberately set earlier than actually planned in order to assess a charge for 'damages' and this could well have been such a case.⁴¹

Another interesting contract is that drawn up on 9 December 1557.⁴² What makes this act stand out from other contracts is the fact that it is one of the few in which the rate of interest is stipulated. During the sixteenth century, it was common practice for loans to be repaid by ceding any right of action against debtors to the creditor. Thus we find that *Nob.* Giovanni Antonio de Bendicto from Messina ceded to *Nob.* Rocco Bottini any right of action against Lorenzo de Rosa and Giovanni Domenico de Lombardo, who jointly owed him 19 *scudi* 11 *tareni* 8 *grani*, and also against Antonio de Rosa who was in debt for the sum of 30 *scudi*, and Sebastiano de Ludica, who in turn was in debt for 27 *scudi* 10 *tareni* 8 *grani*. The total amount ceded amounted to 77 *scudi* 9 *tareni* 16 *grani*. Together with this sum 3 *scudi* 8 *tareni* 4 *grani* were to be repaid in cash. Furthermore, there was to be an interest of 8 *scudi* 6 *tareni* (approximately 10%), totalling the whole sum owed, to 90 *scudi*.

The interest was in respect of fluctuations in the rate of exchange,⁴³ since the payment was to be done in Syracuse within one month from the date of the contract and six days after Giovanni Antonio's arrival in the city on the ship belonging to Francesco de Randazo, in which ship Rocco was also a shareholder.⁴⁴ It was also stated that on this same ship there was enough insured merchandise belonging to the debtor to make good for the debt.

Another category of dealers in money very much in the public eye comprised pawnbrokers. This type of credit was necessary for both the poor as well as for the highborn who felt the need to maintain a style of life above and beyond their means. Entrepreneurs and merchants of all stripes frequently availed themselves of modest short-term advances to cover gaps in their cash flow and found it profitable to do so. Interest rates were high, mostly because of the paucity of alternatives. The moneylenders and pawnbrokers who participated in this business found it attractive enough to bear public opprobrium and the risk of eternal damnation.⁴⁵ No risk factor existed in the case of an illegal loan at interest generally secured on personal property, and thus it was unequivocally judged sinful by the Church.

Jewish lenders were neither bound by canon law, nor were they prohibited by their religion from lending money at interest, except to other Jews. In fact, Davide *russo piccolo*, who was a Jew, seems to have been a prominent money-lender during the mid-sixteenth century. Amongst others, one of his accomplices is recorded as being *Fra. Masse* who was said to be in charge of the slaves.⁴⁶ In a specific court case he testified to have lent 7s to the knight Bartolomeo Cortes against the pawning of various gold items. The borrower was tied with an interest of 1t each month for every *scudo* lent. In another instance *Fra. Paolo de Loaysa* declared that since he needed to borrow some money he pawned some cloth to the same Jew, who lent him 2 *scudi*. After about seventeen days he repaid the amount at a monthly interest rate of 1 *tareno per scudo*, which had to be paid in full even though the money was returned prior to the lapse of the month.⁴⁷ The witness testified that the cloth had been deposited in the house of the said Masse.

The same debtor declared that he once again reverted to the services of the Jew, when he needed to borrow 1 *scudo*. After two days he returned the money together with an interest of one '*carlino di usura et guadagno*'.⁴⁸ Another Jew who is mentioned as a pawn agent and a collaborator of Davide is Samuele. To this effect, the knight Hieronimo Coronel testified that since he was in need of money he gave some things for pawning to Samuele, after which the said Jew brought him 4 *scudi* less one *aquila*. The pawned goods

were left in the hands of the knight San Michele who was to acquire 1 *tareno* per *scudo* each month.⁴⁹

On 17 August 1558 Carlo Lombardo declared that some two years back he needed to borrow some money to be able to buy wood for the completion of his ship.⁵⁰ He therefore approached the knight Maimon and offered him a share in the said vessel. Maimon informed him that he had no money and instead offered him a black slave which he valued at 60 *scudi*. Lombardo testified that this same slave had been bought for a lesser amount of 40 *scudi*. However, since he was in dire need of money he agreed to draw up a contract before the notary Giuseppe de Guevara wherein he declared that he was in debt for 60 *scudi* which were repayable in nine months' time. After the lapse of the prescribed period, Maimon made him pay 5 *scudi* as interest and took the capital by taking Lombardo to Court. The Court decreed that the latter was to pay, and he thus had to give him his house in return for the 40 *scudi*, even though the house was estimated at more than 100 *scudi*. The house was later sold to Narduchio Burlo. In all, Lombardo declared to have been burdened with expenses and interest amounting to none less than 100 *scudi*.

In another instance Benedicto Parodi declared that he had received the sum of 50 *scudi* 'secundum formam bulle',⁵¹ from the knight Baptista Romano, for which he had to pay an annual interest of 5 *scudi*, as per contract registered in the acts of Nicola de Agatiis. Finding himself in need of more money Parodi went to the knight Tommaso Strozzi, who lent him another 50 *scudi* of which he retained 4 *scudi* as interest for six months. This makes the interest rate which is stated here stand at 16% of the borrowed capital.⁵² Another witness, this time the tailor Bartolomeo Guyo, declared that in the year 1547 he received 40 *scudi* from *Fra. Giovanni Serdan Dellas Cortes* according to the Royal Bull. These had been lent at the rate of 10% and the contract was drawn up by Nicola de Agatiis. In another agreement 20 *scudi* had been lent to the said Guyo by the knight Serdan who, according to the said Bull, had to pay 10% which covered the houses of the said witness. These had been tied for a period of nine years. The witness said that he knew that *Fra. Serdan* had lent about 60 *scudi* to Lorenzo Zolese, and after their reimbursement he had lent them to Marietta Scalena. He also lent another 40 *scudi* to Santoro Vella's mother and 20 *scudi* to Giovanni Rusni, as per contract which was noted in the acts of Carolo Cassia. Furthermore, he pawned some gold and silver items from the knight Giovannide Icugna for the price of 50 *scudi* at the rate of 10% per annum. To cover this loan a *polissa* had been drawn up in the presence of the said witness and that of *Fra. Giovanni Serdan Dellas Cortes*.

Pietro Ros was also involved in dealing with the said knight, and this he did at the rate of 10%.⁵³

To this effect, we have Ros's testimony in the case. Ros stated that the knight Tommaso Strozzi had sent some money with Michele Russo's ship for the acquisition of wheat from Licata. The witness stated that more than a year earlier he had borrowed about 25 *scudi* from Strozzi against the payment of some interest to cover the payment of a default in the consignment of the said goods.⁵⁴ Ros also informed the commissioners that Paolo Burlo knew more about the matter. The said witness also stated that on request of a friend of his, he borrowed from the knight Serdan Dellas Cortes a sum of money at an interest of 10% according to the Royal Bull. He further stated that on two other occasions he borrowed the sum of 150 *scudi* against the pawning of some gold items and a *polissa*. After a year he remitted the capital plus the interest at the rate of 10% and in doing so recovered the pawned items. Interestingly enough, Ros once again sought the services of *Fra*. Serdan, however the knight informed him that he had now become a commander and therefore did not need to perform such services.⁵⁵ (Fig. 3)

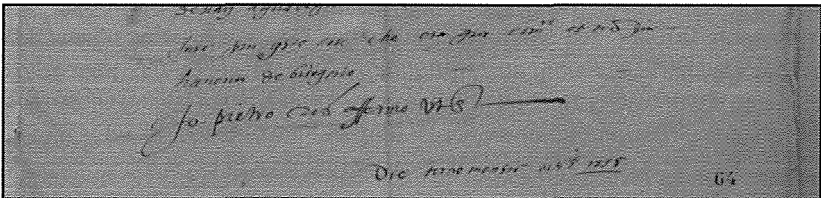


Fig. 3 Signature of Pietro Ros, confirming his testimony

Source: CEM, AO, MS 38, f.64. (1558).

Knights like Giovanni Serdan Dellas Cortes, Masse, Maimon, Montalto and Strozzi seem to have been important links in the pawn market. More testimonials declaring their involvement in this network are given even by merchants such as Antonio Habel and Carlo Lombardo, and by other fellow knights, amongst whom we find the knight Francesco della Motta, who was a receiver of the Order of St John stationed in Sicily, and who was a prime contact between Malta and Sicily.⁵⁶

The Bill of Exchange

As early as the twelfth century, and perhaps even earlier, the remittance of foreign exchange was combined with credit. Since the taking of interest was prohibited, bankers had to find other ways and means of lending at a profit. Their favourite method was by means of bills of exchange (*cambium per litteras*). By the fourteenth and fifteenth centuries, a standard bill of exchange was developed and became a common instrument of credit.⁵⁷

Merchants made deposits in '*banche de scritta*' run by the money-changers.⁵⁸ These deposits were redeemable at a future date in another place and in another currency.⁵⁹ The changer had to secure correspondents in other towns who would honour exchange contracts drawn up on them and who in turn would draw up exchange contracts against him.⁶⁰ Profit was variable and speculative, depending on the future exchange rate, and as such was concealed in an exchange rate higher than would have prevailed in a cash transaction.⁶¹ However, it was an advantage for the customer to eliminate the actual transportation of coins, since this involved both risk and expense. According to de Roover, interest was undeniably included in the price of the bill, since loans customarily drew interest.⁶² The argument put forward by merchants to justify the credit transaction was that an exchange transaction was not a loan (*cambium non est mutuum*). They described this transaction as being either a commutation of moneys (*permutatio*) or a buying and selling of foreign currency (*emptio venditio*).⁶³ (Fig. 4)

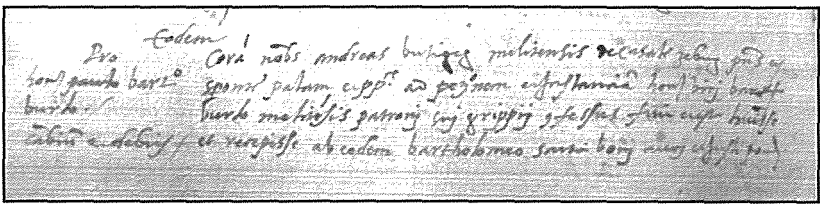


Fig. 4 Extract from a contract categorized as *cambium et debitum*

Source: NAV, R 224/1, f. 81v, (30.viii.1540).

The bill of exchange was one of the most common financial instruments used when effecting foreign trading transactions and repaying foreign debts. A case in point is that regarding a contract wherein all the contracting parties were foreigners. In this particular contract Giuseppe Bosche, a Catalan merchant

residing in Birgu, appointed Cristofero Roger, a Valencian merchant, to recuperate 360 florins from Michele de Salvador, who was also a Valencian merchant. This was to be done through a bill of exchange from Hieronimo Gene another Valencian merchant who was a resident of Palermo.⁶⁴

In yet another contract Blasio Zirenzo from Birgu declared to have received 8u '*ad cambium*' from the city of Syracuse as part payment of a larger sum of money amounting to 15 *uncie* 5 *tareni*. This amount was due from Stefano Cesire and was transferred to *Don. Antonio de Mazara* in respect of a benefice named *Il-Wileg ta' Bir Ghattar*⁶⁵ The transfer was effected through Zirenzo's procurator Leonardo de Parisi.⁶⁶ As can be seen from this document, it was important to maintain contacts with various representatives in different countries since these greatly facilitated business transactions.

The letter of exchange was quite popular even among Knights of the Order, who were officially prohibited from engaging themselves in monetary transactions that resulted in usurious profits. However, it seems that, notwithstanding the restrictions in force, these still managed to pursue various financial engagements.⁶⁷ In a particular act⁶⁸ the German knight Conrado Schiualbaer appointed *Fra. Giovanni Francesco della Motta*, who was a receiver of the Order of St John stationed in Sicily, as his procurator. The latter was to recover a sum of money from Pietro Sanilia, a Genoese merchant. The outstanding amount was that of '*scuta auri Italica vulgo nuncupata pistolett*⁶⁹ *ducento quinquaginta*',⁷⁰ which sum had to be paid by another merchant, this time a German one named Agostino Stalburgel, by means of a letter of exchange.

In another deed the knight Hieronimo de Guette ceded any right of action he had against Dino Virgell who was a resident of Palermo, to Marietta La Cuzina, a Greek lady. The sum due was in respect of a bill of exchange and amounted to 760¹/₃ florins at the rate of 6 *tareni* per florin which the debtor had to repay through a letter of exchange on 29 January 1562 in Palermo through *Fra. Gio. Francesco della Motta*.⁷¹ The recurring mention of Francesco della Motta's name in various exchange contracts makes him one of the main contacts between Malta and Sicily at the time. (Fig.5)

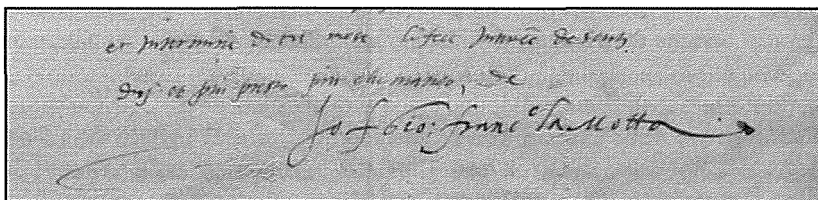


Fig. 5 Signature of Fra. Gio. Francesco della Motta.

Another letter of exchange was the means of trade credit in a contract dated 30 August 1563⁷² wherein, *Fra.* Filippo Nuccetto, an Italian knight of the Order of St. John, was appearing on behalf of *Fra.* Lorenzo Vagnon, another Italian knight. The sum to be recuperated was that of 26 ducats and 11 *soldi* at the rate of 13 *tareni* per ducat and was due from Giuseppe Farrugia, a Maltese. On 2 March 1563,⁷³ *Fra.* Aloisio Cruzat a knight of the Aragonese Langue from the Priory of Navarre proclaimed *Fra.* Baptista Daoijs from the same Langue as his procurator. The latter was to pay 40 ducats at the rate of 13 *tareni* per ducat in Palermo or in any other place. This sum was due to Baldassare Pandino who was a merchant resident in the same city, and formed part of a bill of exchange which had been drawn up in view of the sale of various goods amounting to 2,000 Spanish ducats.

The use of the *Polissa* or Cheque

The *polissa*, which is one of the earliest forms of what we nowadays call a cheque, was a written assignment drawn up on a banker by his customer and made out in favour of a third party.⁷⁴ This type of transaction did not gain much popularity since oral orders dictated personally by the depositor or his lawful attorney were preferred when effecting a transfer order.⁷⁵ According to de Roover, 'an important legal point in this regard is that payment by bank transfer, either through a written or oral assignment was final and, once accepted by the creditor, it discharged the debtor completely. This rule, however, did not apply to an assignment out of bank,⁷⁶ and the debtor remained responsible until the creditor had been fully satisfied.'⁷⁷

The use of the *polissa* in Malta seems to have been an established form of payment, since various documents refer to its use when effecting settlement of outstanding dues. Notaries seem to have had the task of issuing such *polisse* on behalf of other persons. One such instance is the issue of three consecutive *polisse* by notary Bartolomeo Salvagio de Via on behalf of his client Giovanni Alamano.⁷⁸ The latter deposited 49 *scudi*, which sum was split up in three payments, and for which the notary issued three *polisse*,⁷⁹ the first one amounting to 25 *scudi* 6 *tareni*,⁸⁰ the second one amounting to 6 *scudi* 6 *tareni*,⁸¹ and the third and last amounting to 17 *scudi*.⁸² (Fig. 6)

A most interesting document found in the acts of Giuseppe de Guevara dated 23 November 1563⁸³ refers to a protestation or *protests*⁸⁴ which was filed by Marina Rondolina, a Greek lady. The latter was demanding a payment of

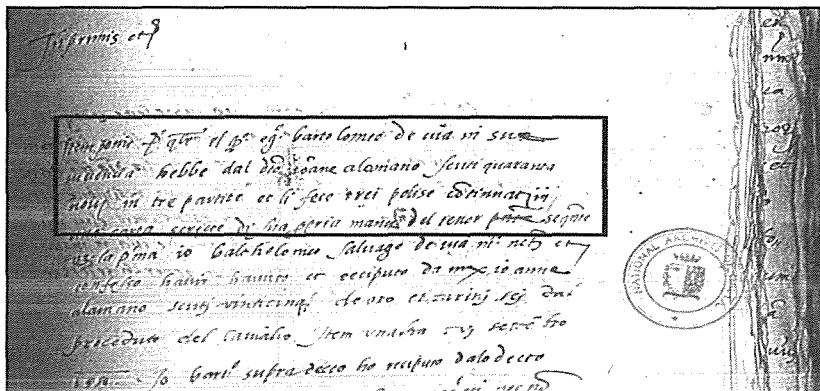


Fig. 6 Testimony recording a deposit of 49 scudi effected in three payments for which sum the notary later issued a number of polisse to cover various payments.

Source: NAM, ACA, Vol. 1, f. 342, (19.v.1559).

10 ducats that had been lent to Bartolomeo Barban against a *'polisa servita in Malta'* on the 4th November. This *polissa* was *'sotto scritta de propria mano'* and Fra. Francesco de Villanova had endorsed it on behalf of the said Bartolomeo.⁸⁵ The fact that Marina had filed a *protests* indicates that the cheque had not been honoured. The assigned commissioners decreed that Marina be repaid the said sum together with any additional expenses incurred by her.

In another contract categorised as *Depositum* and dated 6 September 1564, Vincenzo Curmi from Birgu declared to have received from Nicola Ruan the sum of 31 *scudi*. A number of goods were held as a security on the above loan and accordingly listed in the contract. Amongst these were *'...una polisa di scuti doi et tarenj setti et un altra polisa di un soldato di galera di scuti sei et tarenj quatro quae bona dictus Vincentius vendere et deliberater possit.'*⁸⁶ In yet another document registered at the *Communis Aerarii*,⁸⁷ a procurator from Saint Giles, who was in charge of recuperating a substantial amount of money for a Maltese client, did this through the eventual collection of a number of *polisse* which were originally due to the debtor. The procurator explained that this was the only possible way to effect repayment, since even though the debtor had a substantial amount of wheat, the abundance of the product which was registered in that year (1542), led to a fall in prices. Furthermore, he added that the wheat could not be shipped to Malta since the *tratte* had already been issued.⁸⁸ Evidence of the use of financial instruments such

were not only the prerogative of the town dwellers. Villagers also sought to participate and take advantage of the new demand that had been created due to the presence of a relatively handsome number of foreign merchants. The latter had either settled in Malta or else used the island as a port of call. Trade thrived on these communications, and on the cooperation of the different parties who found the adequate financial facilities and organisation to enhance their business activities.

NOTES

¹ Malta's attachment to Sicily is reflected in the fact that four-fifths of the total amount of shipping registered between 1564-1600 was directed to this nearby island. C. Cassar, *Society, Culture and Identity in Early Modern Malta*, (Malta, 2000), 73.

² V. Mallia-Milanes, *Venice and Hospitaller Malta 1530-1798 – Aspects of a Relationship*, (Malta, 1992), 8-9.

³ Mallia-Milanes, *Venice and Hospitaller Malta*, 228.

⁴ F. Braudel, *Civilization & Capitalism 15th – 18th Century, Vol.1 The Structures of Everyday Life*, (Trans by S. Reynolds), (California, 1992), 437.

⁵ When the town economy became bound up with the rural areas, and external trade had become necessary, the need for money as a unit of exchange was felt. Barter and exchange still had their importance due to the fact that agricultural communities continued to be domestically self-sufficient. H. Kamen, *The Iron Century – Social Change in Europe 1550-1660*, (London, 1971), 102. Refer also to H. Van Der Wee, 'Monetary, Credit and Banking Systems', in *The Cambridge Economic History of Europe, Vol. V*, E.E. Rich and C.H. Wilson (eds.), (Cambridge, 1977), 306, who states that barter was a regular occurrence in the early modern age since it was an ideal way of disposing of goods that were difficult to sell and due to the shortage of hard cash.

⁶ J. Abela, *Port Activities in Mid-Sixteenth Century Malta*, Unpublished MA Dissertation, (University of Malta, 2007), 19-20.

⁷ In northern Europe records certified by municipal or guild authorities enjoyed equal authority as notarial contracts in the south. Refer to R. S. Lopez, & I. W. Raymond, *Medieval Trade in the Mediterranean World*, Illustrative Documents translated with Introduction and Notes, (New York, 1990), 230-231.

⁸ Lopez & Raymond, *Medieval Trade*, 229.

⁹ 'The equivalent of the modern businessman was the merchant, but he was not what we mean by the word merchant. Specialisation had not yet developed to the degree that characterizes industrial societies, and a merchant was very often the head of a manufacturing enterprise, a money lender, and a trader, all at the same time.' C.M. Cipolla, *Before the Industrial Revolution, European Society and Economy, 1000-1700*, (2nd edition), (USA, 1981), 65.

¹⁰ 'Interest was added directly to the capital, or in what appeared as a bill transaction the interest was smuggled into the price of the bills; or commodities were lent in place of ready money and then charged at a high rate; or the loan was made in the form of a deposit, which was permissible, and so forth', quoted from R. Ehrenberg, *Capital & Finance in the Age of the Renaissance – A Study of the Fuggers and their Connections*, (trans H.M. Lucas), (London, 1958), 43.

¹¹ R. Goldsmith, *Premodern Financial Systems – A Historical Comparative Study*, (New York, 1987), 163.

¹² Abela, *Port Activities*, refer to chapter three.

¹³ Van Der Wee, 'Monetary, Credit and Banking Systems', 306-307.

¹⁴ Kamen, *The Iron Century*, 104.

¹⁵ E. S. Hunt & J. M. Murray, *A History of Business in Medieval Europe, 1200 – 1550*, (Cambridge, 1999), 64.

¹⁶ '*In pecunia numerata*: in hard cash or in counted coins? The expression *numerare pecuniam* means both to count and to pay cash.' Lopez, *Medieval Trade*, 167. According to Lane and Mueller *Pecunie* meant debits and credits as well as the coins used to pay debts and collect credits. See F. C. Lane & R. C. Mueller *Money and Banking in Medieval and Renaissance Venice, Vol. 1 Coins and Moneys of Account*, (London, 1985), Preface xiii. Zerbi called those coins that constituted the basic links or coins in specific years and sectors of the economy '*moneta numerata*'. These were the kind of coins that parties to a transaction understood would be used in stating a price or in counting out the payment of a debt defined in a money of account. Tommaso Zerbi as quoted in Lane & Reinhold, *Money and Banking*, 9.

¹⁷ N(otarial) A(rchives) V(alletta), MS 514/1, Notary Placido Abela, n.f., (2.xii.1559). The moneychanger became a *bancherius* deriving from bench (*bancum*, in Latin) upon which the changer placed the piles of coins. Lopez, *Medieval Trade*, 162. This terminology was already used in Ancient Greece where bankers were designated by the word *trapeziti*, a derivation from τράπεζα (*trapeza* or table). R. de Roover, *The Rise and Decline of The Medici Bank*, (USA, 1963), 15.

¹⁸ In the Byzantine Empire this viewpoint never prevailed, so that interest on loans continued to be regarded as legitimate. See Lopez & Raymond, *Medieval Trade*, 157

¹⁹ F. C. Lane, *Venice and History, The Collected Papers of Frederic C. Lane*, (Committee of Colleagues and Former Students eds.), (USA, 1966), 56-57.

²⁰ de Roover, *The Rise and Decline*, 12 & 108-109.

²¹ B. Z. Kedar, *Merchants in Crisis, Genoese and Venetian Men of Affairs and the Fourteenth-Century Depression*, (New Haven and London, Yale University Press, 1976), 60. According to de Roover the practical effect of the usury doctrine was the opposite of that which was intended: the use of subterfuges, whether licit or illicit, increased risk and expense and kept the rate of interest high instead of lowering it. de Roover, *The Rise and Decline*, 121.

²² H. G. Koenigsberger, G. Q. Bowlver, *Europe in the sixteenth century*, (2nd Edition), (London & New York, 1992), 2. Although there were a series of compromises involving exceptions, legitimacy of interest as such was not recognised. Lopez & Raymond, *Medieval Trade*, 157. Credit on a vast scale was financing wars and trade in Europe. Although interest was generally accepted, nevertheless, the theological controversy continued. Condemnation, however, came to be more overtly confined to those whom we today call usurers. In Catholic countries a decisive break with tradition did not come until the eighteenth century. See S. Homer, *A History of Interest Rates*, 2nd edition, (USA, 1977), 79-81.

²³ NAV, R439/9, Notary Bartolomeo Salvagio de Via, f. 37, (11.ii. 1533), R224/1, Notary Giuseppe de Guevara, f. 132, (12.ii.1541), f. 188v, (19.vii.1541), R439/42, f. 113, (8.v.1551), MS 514/1, n.f., (28.ii.1560), n.f. (3.iv.1560).

²⁴ NAV, MS 514/1, n.f., (18.iii.1557).

²⁵ N(ational) A(rchives) M(alta), M(agical) C(uria) C(astellania), 'Cedulæ Supplicæ et Taxationes', Vol. 1. ff. 2 -2v, (8.i.1564).

²⁶ This amount tallies with the commercial short-term rates of interest quoted by Homer as those prevailing during the sixteenth-century in Italy. These were in the region of 8-10%. Homer, *A History of Interest*, 121.

²⁷ NAV, R224/1, f. 37v, (23.ii.1540).

²⁸ NAV, R224/1, f. 79v, (21.viii.1540).

²⁹ In legal terminology *fideiussio*. 'In Roman Law, a contract of suretyship, whereby one person binds himself to be answerable for the debt of another. The person primarily liable is called the *principalis debitor* and the surety or guarantor is secondarily liable. A surety could be called upon to pay even though the *principalis debitor* was completely solvent. He could also be sued for the whole amount even though there were several other guarantors.' S. Fiorini, *Documentary Sources of Maltese History, Part 1, Notarial Documents No. 2, Notary Giacomo Zabbara: R494/1(III-IV) 1494-1497*, (Malta, 1999), 427

³⁰ de Roover, *The Rise and Decline*, 12.

³¹ In numerous medieval testaments the *testator* ordered the restitution of all usury and ill-gotten gains. These clauses became scarcer after 1350 since merchant-bankers contended that they were engaged in legitimate and non-usurious activities. de Roover, *The Rise and Decline*, 12.

³² This woman has been described by J. Sciberras as a wealthy married woman who was active in business. J. Sciberras, *Women in Early Sixteenth-Century Malta*, Unpublished M.A. History thesis, (University of Malta, 2004), 86.

³³ NAV, R202/11, Notary Nicola de Agatiis, ff. 9- 11, (19.x.1546).

³⁴ de Roover, *The Rise and Decline*, 11.

³⁵ Hunt & Murray, *A History of Business*, 72-73.

³⁶ Interest was distinct from usury. 'The Latin noun *usura* means the "use" of anything, in this case the use of borrowed capital; hence, usury was the price paid for the use of money. The Latin verb *intereo* means "to be lost"; a substantive form *interisse* developed into the modern term "interest". Thus interest was not profit but loss.' Homer, *A History of Interest Rates*, 73.

³⁷ de Roover, *The Rise and Decline*, 10-11.

³⁸ F. Braudel, *Capitalism and Material Life 1400-1800*, (trans. M. Kochan), (London, 1973), 368. de Roover, *The Rise and Decline*, 108.

³⁹ NAV, R224/1, f. 103v, (13.xi.1540).

- ⁴⁰ The inventory of the belongings of Giuseppe Calafato is found in NAM, MCC, AO Vol. I, ff. 44a- 49v. (8.iii.1553).
- ⁴¹ Hunt & Murray, *A History of Business*, 72-73.
- ⁴² NAV, R4/1, Notary Placido Abela, ff.106- 107v, (9.xii.1557).
- ⁴³ As has already been stated, according to the Catholic doctrine, interest could be charged if the loan was thought to be carrying a high percentage of risk or else due to fluctuations in exchange rates which may lead to a loss.
- ⁴⁴ NAV, R4/1, f.107v, (9.xii.1557).
- ⁴⁵ Hunt and Murray, *A History of Business*, 70-71.
- ⁴⁶ C(uria) E(piscopalis) M(elitensis), AO, MS 38, (1558), f. 60.
- ⁴⁷ CEM, AO, MS 38, (1558), f. 60v.
- ⁴⁸ CEM, AO, MS 38, (1558), f. 60v. (One carlino was equivalent to 10 grani).
- ⁴⁹ CEM, AO, MS 38, (1558), ff. 65-65v.
- ⁵⁰ CEM, AO, MS 38, (1558), ff. 61-61v.
- ⁵¹ Most probably this refers to the papal bulls *Regimini* (1425 and 1455) which were in force at the time wherein credit through annuities was subject to the following conditions: 1. the annuities created had to be assigned to a specific piece of real estate; 2. it had to be possible to buy them back again if the debtor so desired; 3. they might not represent a higher annual income than 10 per cent of the capital invested. Van Der Wee, 'Monetary, Credit and Banking Systems', 304.
- ⁵² CEM, AO, MS 38, (1558), f. 62v.
- ⁵³ CEM, AO, MS 38, (1558), ff. 63-63v.
- ⁵⁴ CEM, AO, MS 38, (1558), ff. 63v-64. *Fra* Tommaso Strozzi could possibly have been a close relation of *Fra* Leone Strozzi who was Prior of Capua. In 1552 the latter formed part of a commission which was appointed to survey Malta's fortifications. The commission decided to adopt Strozzi's proposal to fortify the tip of the promontory of Sceberras and to protect Birgu from the other side of *Porto delle Galere*, today's Dockyard Creek. Thus it was that Forts St. Elmo and St. Michael came into being.
- ⁵⁵ CEM, AO, MS 38, (1558), f. 64.
- ⁵⁶ Abela, *Port Activities*, Refer to Section 2.10.
- ⁵⁷ Homer, *A History of Interest Rates*, 77.
- ⁵⁸ F. Braudel, *Civilization & Capitalism 15th – 18th Century*, Vol. 3 *The Perspective of the World*, (Trans. S. Reynolds), (London, 2002), 128-129.
- ⁵⁹ The theologians insisted a great deal upon the observance of the *distantia loci* (difference in place). de Roover, *The Rise and Decline*, 109
- ⁶⁰ Lopez & Raymond, *Medieval Trade*, 162.
- ⁶¹ Although the church forbade borrowing at interest, it permitted the bill of exchange due to the risks to which it was exposed on its travels.
- ⁶² de Roover, *The Rise and Decline*, 11. In the account books of the Italian merchant-bankers, one rarely finds traces of discount, but there are thousands of entries relating to exchange transactions. Interest is not accounted for however, there are records of accounts entitled *Pro e danno di cambio* (Profit and Loss on Exchange). *ibid*, 11, 130.
- ⁶³ de Roover, *The Rise and Decline*, 11.
- ⁶⁴ NAV, MS 778/4, Notary Giuseppe de Guevara, ff. 119- 120v, (11.iv.1564).
- ⁶⁵ G. Wettinger, *Place-Names of the Maltese Islands, ca. 1300-1800*, (Malta, 2000), 592.
- ⁶⁶ NAV, R44/7, Notary Giacomo Baldacchino ff. 420v- 421, (22.v.1564).
- ⁶⁷ D. Rossi, *The Monte di Pietà in Hospitaller Malta*, Unpublished B.A. Hons. Dissertation, (University of Malta, 1998), 10.
- ⁶⁸ NAV, MS 778/4, ff. 191- 192, (30.viii.1563).
- ⁶⁹ In 1537 the Castilian devaluation lead to the replacement of the *excellente* of Granada by the *pistoletto* (or *escudo* or *corona*) and the Castilian ducat became a money of account. F. Braudel, *The Mediterranean and the Mediterranean World in the Age of Philip II*, (trans S. Reynolds), (University of California Press, 1995), 472.
- ⁷⁰ NAV, MS 778/4, f. 191, (30.viii.1563). Two hundred and fifty gold *scudi* which in Italian were known as *pistoletti*.
- ⁷¹ NAV, MS 778/4, ff. 109-110v, (26.i.1562).
- ⁷² NAV, MS 778/4, Part II ff. 189-190v, (30.viii.1563).
- ⁷³ NAV, MS 778/4, Part II, ff. 96-97v, (2.iii.1563).

- ⁷⁴ Van Der Wee, 'Monetary, Credit and Banking Systems', 314.
- ⁷⁵ It is interesting to note that in Barcelona, the regulations of the municipal bank (*taula*) forbade the use of the cheque (*polissa* in Catalan) as late as 1567, and in Venice this prohibition was still in force in the eighteenth century. de Roover, *The Rise and Decline*, 19.
- ⁷⁶ An assignment out of bank is a mode of payment according to which a creditor accepts, in settlement of a debt, a claim of his own debtor on a third party. de Roover, *The Rise and Decline*, 19.
- ⁷⁷ de Roover, *The Rise and Decline*, 19.
- ⁷⁸ '*Fatte a sua cautela dal detto egregio Bartolomeo*'. NAM, 'Suprema Appellationis Curia et Tribunalis Publicae Audentiae Causae, (ACA), Vol. 1, f. 339, (19.v.1559).
- ⁷⁹ NAM, ACA, Vol. 1, f.342, (19.v.1559).
- ⁸⁰ Dated 10 August 1551. NAM, ACA, Vol. 1, f. 349, (3.xii.1552).
- ⁸¹ Dated 6 September 1551. NAM, ACA, Vol. 1, f. 349, (3.xii.1552).
- ⁸² Dated 22 September 1551. NAM, ACA, Vol. 1, f. 349, (3.xii.1552).
- ⁸³ NAV, MS 778/V, ff. 227- 227v, (23.xi.1563).
- ⁸⁴ Braudel, *Capitalism and Material Life*, 368.
- ⁸⁵ Contrary to today's custom cheques were endorsed on the front and not on the back. Braudel, *Civilization and Capitalism*, Vol. 1, 474.
- ⁸⁶ NAV, R224/23, ff.23-25, (6.ix.1564). A *polissa* amounting to 2s.7t and another one belonging to a soldier amounting to 6s.4t, which Vincenzo had the right to sell.
- ⁸⁷ NAM, 'Comune Aerarium', (CA), n.f., (1542).
- ⁸⁸ NAM, CA, n.f., (23.iii.1542).