

200 YEARS
since 1816

OESTERREICHISCHE NATIONALBANK
EUROSYSTEM



From the treasury's banker to the banker's bank: Continuity and change during the first decades of the *Oesterreichische Nationalbank*

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What happened in 1816?

- Incorporation of the *privilegierte oesterreichische National-Bank*
- Receives monopoly of issue

However,

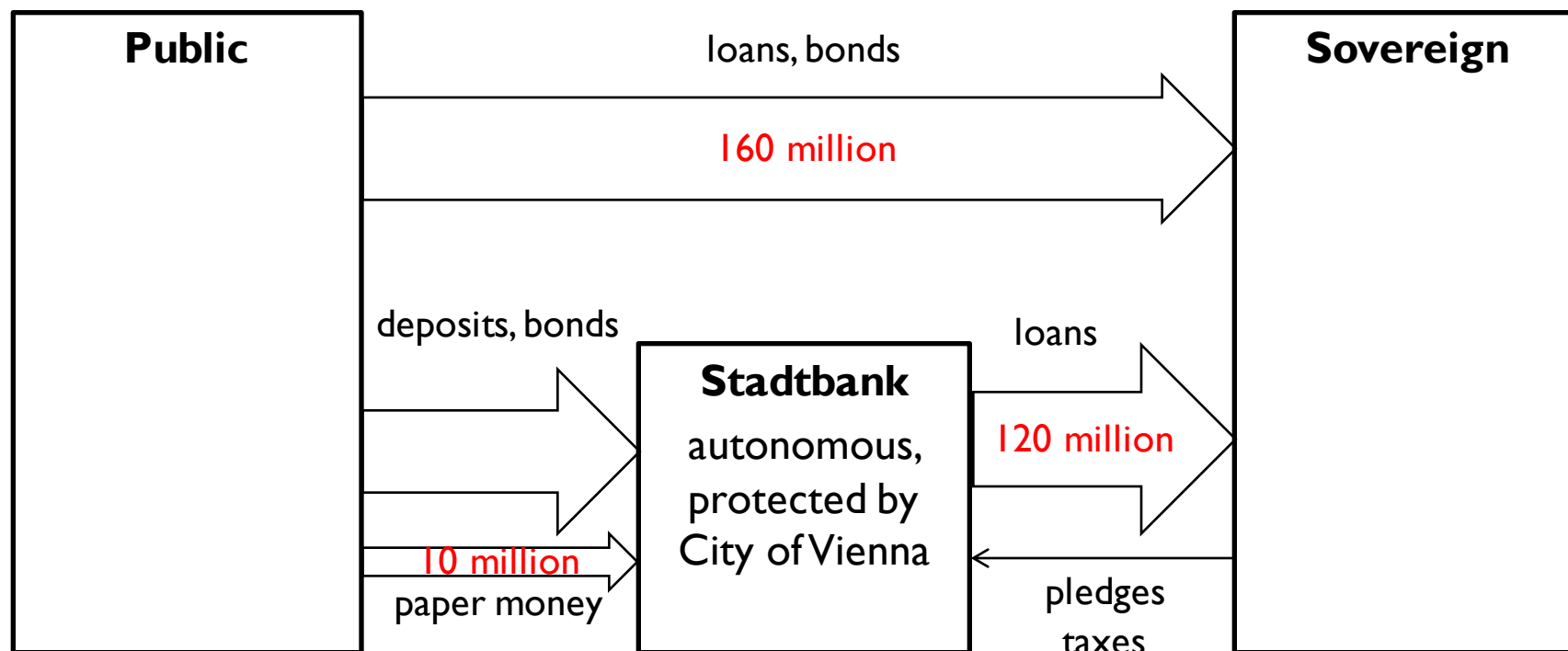
- not the first public bank
- not the first bank of issue

Wiener Stadtbank founded in 1706, starts issuing banknotes in 1762.



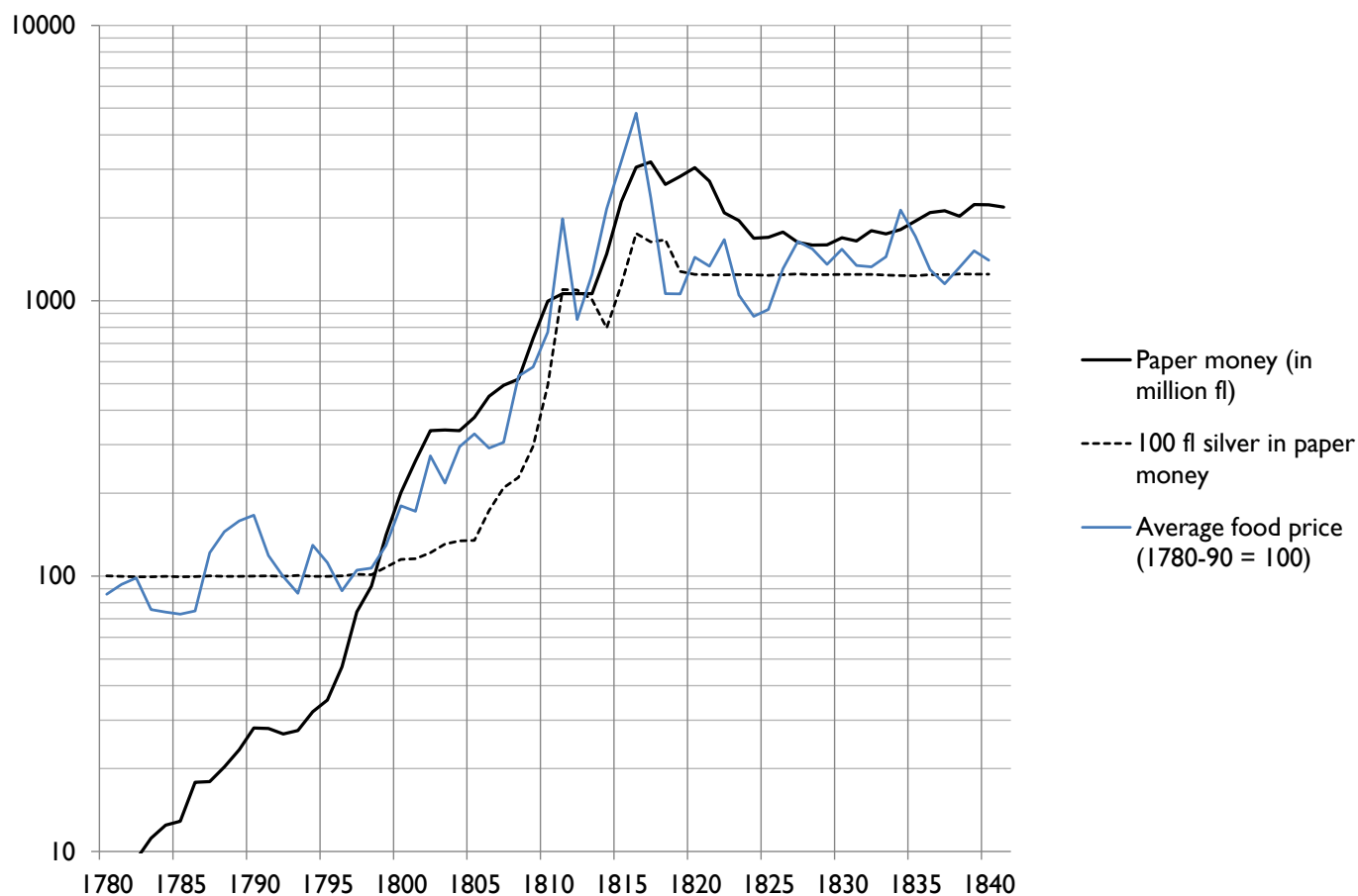
*Kaiser Franz I. übergibt dem Grafen von Stadion
die sanktionierte Statuten der Nationalbank*

The business model of the Stadtbank: A remedy to the lack of confidence in the sovereign

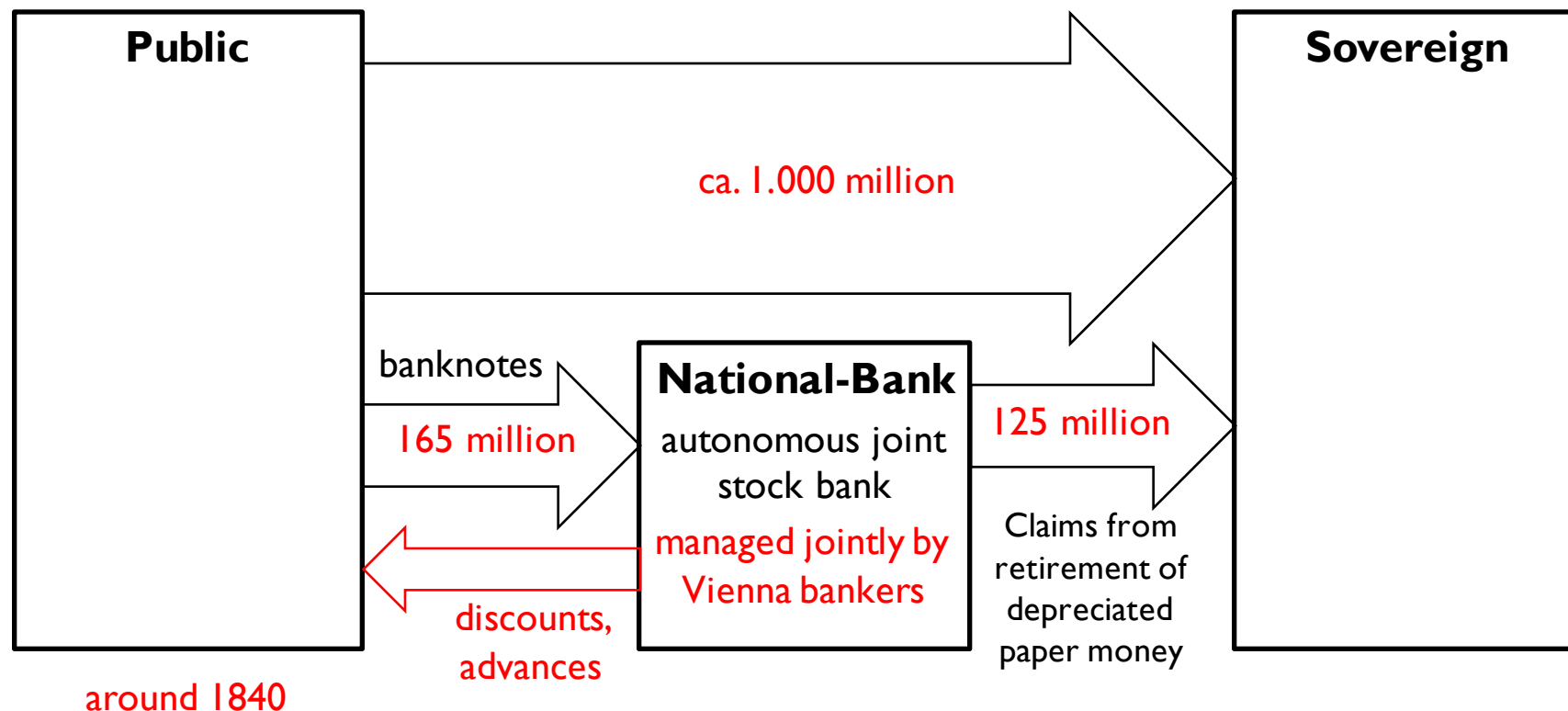


around 1780

A successful bank, overwhelmed by the demands of the Napoleonic Wars



The National-Bank: Many similarities, but also significant differences



Independence aborted?

The traditional view of the pre-1848 period

„The idea of creating an independent privately owned note-issuing bank [in 1816] should have prevented any resort of the government to the resources of the bank [...] Unfortunately this correct and promising idea was realised only in pretence [...]“

Kamitz, Österreichische Geld- und Währungspolitik, 1948.

„Needless to say that as the bank intensified its business relationship with the government, this situation [of relatively low silver reserves] deteriorated even further.“

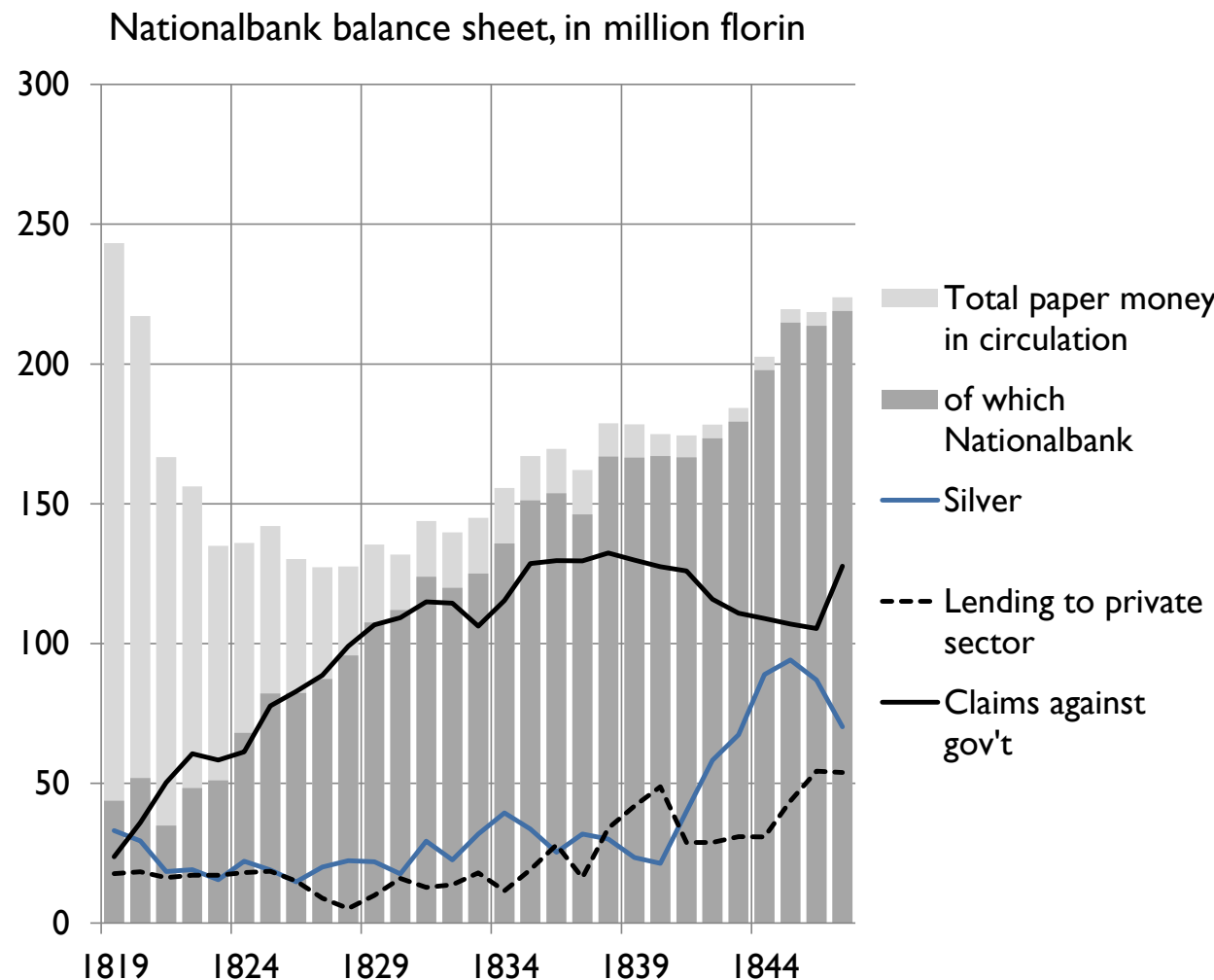
Bachmayer, Geschichte der österreichischen Währungspolitik, 1960.

In fact,

- Role as intermediary for gov't debt not imposed on bank but basic design
- Independent administration essential element of this intermediation role
- Coalition between Vienna bankers and government advantageous for both sides

The reality is more nuanced

- Increase in gov't debt to bank mainly due to gradual replacement of old paper money
- Increase in gov't influence in 1841 statutes not used to increase lending to gov't but silver reserves + private lending



The shock of 1848 and the 1863 statutes

March 1848:

- Run on the bank, convertibility into silver suspended
- Emergency loans to provincial financial institutions
- Balance sheet published for the first time

Brings about long-term changes:

- Transparency
- Limits to gov't lending
- Direct government supervision replaced by statutory rules
- Responsibility for banking sector, branch offices outside Vienna

New model incorporated by 1863 statutes, but actual transformation delayed by repeated need for war financing 1859 and 1866.

Conclusions

Nationalbank, founded in 1816, in important respects continues the business model of its predecessor, the Wiener Stadtbank

At the same time, 1816 lays foundations for gradual evolution towards bankers' bank as soon as

- old paper money is retired and additional issues can be made against lending to the private sector
- a banking sector evolves from the mid 19th century onwards
- the shock of 1848 and the following neoabsolutist reform policies encourage a more direct relationship to the economy, also outside Vienna