

A Banking Enterprise at the Papal Court: The Company of Antonio Della Casa and Jacopo di Michele di Corso Donati (1438 - 1440)

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The company¹ that Antonio della Casa² was preparing to set up towards the end of 1438 with Jacopo di Michele di Corso Donati began in optimal conditions. Given the size of the market³, Rome could offer a clever merchant broad development prospects, and della Casa could count on considerable credit because of the relations he had cultivated during the previous three years when, managing the Medici branch in Rome, he had held the office of Papal depositary (*depositario pontificio*).

¹ The activity of the early years of the company of Antonio della Casa and Jacopo di Michele di Corso Donati is described in a series of five ledgers which cover the period from 1438 to 1465. They are housed in the *Archivio dello Spedale degli Innocenti* (ASpI) in Florence, in *fondo Estranei*. The first of these ledgers is the White account book (white is the colour of the binding: it is kept in *Estranei* n.488), which covers the years 1438 - 1445; not only has it never been published, but, as far as I know, it is the oldest known ledger of a bank operating at the Papal Court. The data used for this article are found in the first 65 pages of the text, in recordings that begin with the "a corpo" contributions at the end of 1438 and end with some exchanges falling due in 1440-41.

² Antonio in fact negotiated the founding of a company of his towards the end of 1438, with Jacopo di Michele di Corso Donati as a partner. The new company went into operation on 26 January, 1439.

In 1439, Antonio della Casa was elected as one of the sixteen *gonfalonieri di compagnia*. He was the only one among those members of his family in the mercantile and banking worlds (for this reason they were usually out of Florence) to hold this office.

Antonio, son of ser Ludovico della Casa, was born in 1405, probably in Florence. It is thanks to him that the family rose in the merchant and banking world. As a very young boy (perhaps before he was fifteen years old), he was sent to work as a messenger boy at the *Compagnia de' Medici* at the Papal court, which, given the supreme importance of the Roman financial market, may be considered the most important associate company to the Florence - based *Banco Medici*. On 25 March 1424, he became a cashier in the bank, a position he held until 22 February 1428. He was then an agent of the Medici Company and on 25 March 1435, he succeeded Antonio Salutati (who went to manage the head office in Florence) as manager, and obtained the right to a share amounting to $\frac{1}{6}$ th of the profits, the other $\frac{5}{6}$ ths going to the *maggiori* (Cosimo and Lorenzo de' Medici and Ilarione de' Bardi).

The Rome Company's success in business drove Antonio to seek new ways of extending his activity as a banker. About 1443-1444, after having stayed increasingly frequently in Florence, where until 1443 the Court of Pope Eugenius IV (1431-1447) was in permanent residence, Antonio decided to found a new company. At the beginning, probably, it was only a branch of the Roman bank and its task was to settle business that was outstanding after the Pope departed to take up residence in his capital. Again, business went very well, so much so that not only did the Florence branch become a permanent associate of the *Compagnia di Roma*, but also, a few years later, in 1450, Antonio della Casa went into partnership with Simone Guadagni and formed a third company in Geneva.

Furthermore, between 1440 and 1450, he carried out operations and business that caused him to travel to all the principal financial markets in Europe, and, gradually led him to decide to appoint numerous members of his family, besides his sons and brothers, as collaborators in the firm. For a certain period, there was a branch operating in Naples and Gaeta, where Jacopo della Casa, Antonio's brother, worked from 1444 until 1449, entering into close relations with Ghezzo di Lico. At the same time, a limited partnership was set up in Palermo, but it did not last long.

Antonio della Casa enjoyed most success between 1450 and 1453, when all three of his banks were thriving and expanding. However, all new initiatives remained on the drawing-board, in that Antonio died in August 1454. He was only 49 years old.

³ It is useful to bear in mind that when the "Roman market" is referred to, it essentially means the Papal Court, with all the business dealings, trading and economic activities connected with the needs of both the Court itself and those who were in the Papal retinue, albeit temporarily. We ought to remember here that Pope Eugenius IV had been away from Rome since about 1431.

⁴ M. Cassandro, *Il libro giallo di Ginevra della compagnia di Antonio della Casa e Simone Guadagni* (1453-54).

This position brought with it the office of *Depositario Generale della Camera Apostolica*, in that the Medici Bank was at that time the company with whom the Papal Treasury (the *Camera Apostolica*) used to collect revenues and profits in many different currencies, from all the known world.

He was manager at a time when the bank was very healthy. M. Cassandro, with reference to R. De Roover's work⁵, notes that: "In the three years that Antonio della Casa was manager of the Medici Company in Rome (25 March 1435 - 24 March 1438), business flourished and profits increased from 5,510 *fiorini da camera* in 1435 to 8,066 in 1437. However, during those three years, only 8,304 *fiorini da camera* were paid out (the remaining profits were set aside to meet the increase in salaries and to cope with "bad debtors"): 6,920 *fiorini da camera* went to the Medici and 1,384 *fiorini* to Antonio della Casa. When Antonio della Casa's contract expired, it was not renewed, because he left the Medici to start up on his own. On 24 March 1438, Antonio received a further 1,370 *fiorini* in settlement, the partners assuming all responsibility for any loss or irrecoverable debt or any remaining outstanding debt." However, R. De Roover maintains that Antonio was not very satisfied with what he had received, but that, probably because he intended to start up on his own, he did not insist too much in his attempts to obtain a better settlement because he wanted to avoid a conflict with his former *maggiori*⁶.

It was because of its founder's former position that the new company inherited from the very start a considerable number of customers, especially in ecclesiastical circles⁷, who must have had

⁵ R. De Roover, *Il Banco Medici dalle origini al declino (1397-1494)*, Florence, 1970.

⁶ The *maggiori*, in the jargon of the period, were the controlling share-holders in a company.

⁷ These funds, however, could also transit through other bankers the Court trusted, or be endorsed to them once they came into the private stock of a prelate, or even of the Pope himself. Generally, therefore, if a businessman numbered among his customers a considerable number of prominent ecclesiastics or Court notables, it meant he

personal confidence in Antonio della Casa. Nowadays, too, when a manager, and not necessarily a top manager, moves from one bank to another, dealings and relations that he attended to often regularly follow him to the new bank⁸.

At that time, ecclesiastical clients were important. Prelates were among the safest payers for a banker, in that, if they were in arrears, the banker could appeal to canon law which decreed excommunication in cases of non-payment of debts. Moreover, and this had accounted for the Medicis' fortune, the chief prebends were assigned on payment to Rome of the equivalent of one year's income from the living, with the remittance of funds to the depository banker for the benefit of the Pope or the College of Cardinals; these monies were called "*annate*" or "*minuti servigi*". Towards the first half of the fifteenth century, bankers were generally directly debited when bulls were issued appointing someone to an office, and were then materially responsible for conferring office upon the chosen candidate on receiving payment. If this payment was not made, they could return the sealed bulls and get their money back.

However, the favourable context in which the new bank began was also responsible for its rapid expansion: Florence during the residency of the Papal court (1439-1443). Thus we should consider both the relations established before the bank was formed, and the market in which it was to operate, determining factors for its success.

could be sure to count on sizeable money-flows. It is useful to remember, too, that a law which was more theoretical than practical obliged prelates to bequeath their possessions to the Church; this generally encouraged very close relationships with bankers, who already at that time were usually bound to secrecy, and who could be delegated to carry out testamentary orders which one wished to keep confidential.

⁸ It is highly probable that what Antonio della Casa felt to be relatively meagre generosity on the part of the Medici in his severance pay should be counterbalanced both by his intention to start a business of his own in competition with his former *maggiori*, and by the substantial support they showed him later: they gave him a particularly favourable credit policy at all their branches, and apparently did not complain too much about the business dealings that moved from their companies to della Casa's.

It must be remembered that between 1431 and 1443 the Ecumenical Council was held⁹. It began in Basle, and the Pope was personally involved in the sessions, and so away from Rome. He was followed by the Court, and the merchants and craftsmen who served it. When the bank began to operate, Eugenius IV was in Florence, where he remained until 1443.

The new enterprise started almost exclusively in Court circles. The Court was the main element in Roman economy and the merchant companies at Court were called without distinction "di Roma" (of Rome) or "in corte" (at Court) even when the Court followed the Pope out of Rome. When the Pope was absent, Rome became a substantially marginal financial centre.

Antonio della Casa, as a messenger-boy with the Medici bank at the Papal Court and then as depository banker (1435-1438), had been away from Rome for six years too¹⁰.

The fact that he took the initiative to form a new bank in an environment he knew well (his home town), where he could count on the personal acquaintance of merchants and craftsmen, relations and friends close to his family, the trust and credit which both his father, ser Ludovico, and, to an even greater extent he himself had built up, may explain how, without any apparent difficulty, he could break with the Medici to set up on his own (something which very few of their managers had succeeded in doing in over a hundred years).

The company developed in Florence and when, in 1443, it re-

⁹ After 1437, a schismatic conclave had remained in Basle, where it lasted until 1443. In 1439, it attempted to depose the Pope, and on 5 November of that year, it proposed the election of the Duke of Savoy, Amadeus VIII, to the Papacy (Felix V, the Anti-Pope).

Eugenius IV, who had opened the Council sessions in 1431, had had to reside far away from Rome because of an insurrection against him. However, he continued to preside over the Council, first in Florence (1434-1437), then in Bologna (1437), Ferrara (1438) and lastly again in Florence.

¹⁰ It is not certain whether the Rome branch of the Medici left the city at the end of 1433 or at the beginning of 1434. From 1433, one of their banks operated in Basle at the Council sessions, under the management of Roberto Martelli who in 1438 succeeded Antonio della Casa as head of the Roman branch.

turned to Rome¹¹, Antonio della Casa had such a thriving and firmly established enterprise that he decided to stay on in Florence to open a new permanent branch.

Therefore, the Roman market in itself is not so important when considering the development of the early years. Without the Papal Court, Rome became only a very mediocre business centre; moreover, the bank's activity was concentrated on relations with notables, ecclesiastics and laymen who were attached to the Pope, either because they were involved in the Council sessions, or because permanent members of his retinue. It should also be borne in mind that 1439 was a particularly important year for the Council, because the Eastern Emperor, John VIII Palaeologus, and the Patriarch of Constantinople arrived in Florence on the occasion of a short-lived agreement on Christian unity.

Florence was at that time one of the most flourishing business centres in the known world, on a par with the principal European business centres, such as Bruges, Geneva or Rome (the Papal Court) as far as the number of banks was concerned. In Florence in 1338 there were 80 cambists' banks¹²; these were reduced to 57 in 1350, just two years after the Great Plague of 1348. They rose to 61 in 1356 and 71 in 1399¹³. However, in 1460¹⁴ there were only 33

¹¹ Cf. ASPI - Archivio dello Spedale degli Innocenti - fondo Estranei n.488, c.1, frontispiece of the White Account Ledger, where, at the foot of the page, mention is made of the bank's moves. The bank was actually founded in Florence, since Pope Eugenius IV was there for the Ecumenical Council, after having been in Bologna and Ferrara between 1437 and 1439. The text states that "on the 14th day of March 1442, we arrived in Siena to follow Our Lord Pope Eugenius IV, ... and on the 21st day of September, we appeared in Rome to follow Our Lord the Pope, who entered Rome on the 29th day of the said month." The *Compagnia di Roma* was therefore actually in Rome only four years after its foundation, since the Pope had never gone back to his capital until then.

¹² Cfr. R. De Roover. *op. cit.*, p. 22, in relation to the "cronica" of G. Villani, book 10, chap.94, for the data in 1338 and, for 1350 and 1356, with reference to S. La Sorsa, *L'organizzazione dei cambiatori fiorentini*, Cerignola, 1904.

¹³ Cf. ASF, (Archivio di Stato di Firenze) Arte del Cambio, F.14, libro di compagnie 1348-1399, c.117v.

¹⁴ Cf. ASF, (Archivio di Stato di Firenze) Arte del Cambio, f.15, libro di compagnie 1460-1487, c.2-4.

tavole, and towards the end of the century, shortly before the collapse of the Medici *signoria* in 1494¹⁵, the number of merchants operating in Florence had dwindled so drastically that for some time it was impossible to find members willing to look after the money-changers' guildhall (*l'arte del Cambio*). Although the second half of the fifteenth century saw a relentless and continual decline, the period between 1439 and 1443 was one of Florence's most splendid as a business centre, and the number of resident companies, added to those which had followed the Pope, reached an all-time record.

We must also consider the influence that the organisation of Florence's economic structure may have had on the new companies formed at that time. Florence had some merchant guilds with fairly rigid internal regulations which safeguarded and guaranteed correctness and lawfulness in business dealings. The most important was without doubt the *arte del Cambio* i.e. the bankers' association, followed by the *arte di Calimala*, which brought together international merchants, and the silk guild and the wool guild which brought together the wool-workers and the silk and material manufacturers. Then there were the so-called *arti minori*, something similar to small craftsmen's and labourers' guilds. This urban economic structure was fairly common to all the most important cities that were market centres¹⁶, had international fairs or were merely important financial centres.

The guilds had a great influence on the codification of individual companies' economic structure, and, to a variable degree, contributed to the formulating of rules and regulations for keeping accounts.

¹⁵ Cf. Maria Pisani, *Un avventuriero del Quattrocento. La vita e le opere di Benedetto Dei*, Genoa, 1923, pag. 90, for a reference to a chronicle by Dei (1418-1492) that states that the number of companies active in Florence was the same as in 1460, whereas in 1490 there were not sufficient members of the money-changers' guild (*l'arte del Cambio*) to occupy the offices and to continue the recordings in the ledgers.

¹⁶ In Bruges there were two different corporations for cambists and merchant-bankers (R. De Roover, *Money, banking and credit in Mediaeval Bruges*, Cambridge, Mass., 1948, pp.345-34).

At that time, the ledger accounts, as in medieval times, at least in Tuscany, could be of five types: 1) personal accounts, 2) accounts concerning merchandise or fungible goods, 3) accounts concerning capital used for the running of business, *alle masserizie* 4) capital accounts and 5) income accounts.

On personal accounts, i.e. those which began with the name of a customer, operations of any kind relating exclusively to the individual whose name was on the account could be registered. The operations could range from deposits of sums of money to transfers of funds from other markets (this was often the case with the many members of the clergy from all over Europe who were temporarily at the Papal Court, especially for the Council), exchange operations and cash settlements for services engaged or goods purchased.

Cash deposits usually indicated a long-standing relationship between the merchant and the customer (who could have particular purposes such as clergy with inheritance matters or exiles who needed to hide their wealth), and the deposits could, by mutual consent, be subject to conditions regarding duration of deposits, withdrawal rights and types of interest, usually through legal arrangements. Transfers of funds were unilateral payments made from other markets, generally by means of bills of exchange and, in the case of Rome, there were payments of income from a living for a member of the clergy who was the incumbent and who was usually at the Papal Court. Then there were payments for the purchase of merchandise, money transfer orders, the exchange of money in the bank itself, and, in a broad sense, all the operations for which it could be advantageous to turn to a banker.

Merchandise accounts were those taken out for goods, generally valuable objects. The formal structure for registering operations was identical to that of personal accounts, except that in the specification for the single operations, instead of a customer as instigator of a bill, we find destinations for parts of merchandise, with reference to the personal accounts of the final consignees for payment of the specified amounts.

In the first part of the ledger, there are no accounts for capital

outlay for the running of business perhaps because, being in Florence, Antonio della Casa had not needed to rent premises or buy furniture. However, it should be pointed out that according to business practices at that time, this was a very rare type of account, and sometimes was missing and was registered in the “secret ledger”.

The “capital accounts” concern essentially the constitution of the “body”, i.e. the company’s effective capital, made up of the partners’ deposits. On the pages immediately after the ledger’s frontispiece, we find an account in the name of Antonio son of ser Ludovico della Casa, which registers the operations regarding his underwriting of 1,000 *fiorini di camera* and the underwriting of the same sum by his partner Jacopo Donati (...“for his share of what he has to put in the company”...). Then there are the allocations for property reserves and for “bad debtors”, which are usually found at the end of the ledger or after a summary account of profits on fixed dates. The White Ledger tells us that, in the period from 1439 to 1445, the company made a profit of 5,655 *fiorini*, 16 *soldi* and 1 *denaro*, and that no less than 3,300 *fiorini* were set aside for the “bad debtors” fund. During the bank’s early days, no variations in its ownership structure are recorded.

Although of a different type from accounts regarding contributions to the company’s capital, in a broad sense the settlement accounts with banks on other markets were often included analytically in the list of “capital accounts”. They were of the following types: “ours” or “for us” and “theirs” or “for them”, or, more commonly, “yours”. Generally the former were recorded both in foreign and local currency, and had balances in foreign currency, so that the differences in exchange went to the credit or debit of the bank that recorded the operation, whereas the latter were only in local currency, and were settled like usual personal accounts.

Lastly, there were income accounts. These were fixed-date summaries of the effective state of the bank, and usually deal with “bank surplus and deficit”, which was the only real general summary account showing the company’s results. It may be compared to today’s “profits and losses”, of which, in fact, it is a forerunner. This

account was not usually recorded on a single folio of the ledger, but was spread over several folios at intervals inside the ledger, in order to recapitulate the revenue for each year or lengthy period.

In the case of the Geneva Bank's Yellow Ledger¹⁷, this account was made up of five independent references, together with the "opening" balance-sheet, (because it was not a ledger of accounts from the start of the business, there had to be a reference to the "surplus" from the preceding ledger), which cover the period from 1453 to 1459 without a break. This last balance-sheet is obviously missing in the White Ledger of Antonio della Casa's Rome Company. But the surplus and deficit account starts almost at the beginning of the ledger, on folio 6, with a summary of the commitments undertaken during the early days of the business. It is then continued almost annually, with references to the profit-distribution balance-sheets, for the entire period covered by the White Ledger, 1439-1445.

Then there was another income account, entitled "bank charges", which recapitulated monies received and paid out for commission transactions. We find this in the Geneva bank's book-keeping¹⁸, but not in the first part of the Roman ledger. This account was not always kept, since it could be included directly with "surplus and deficit". It was of some interest for those companies, like the one in Geneva, which operated at a fair, and which, since they had frequent merchandise trading that involved larger sums of money than did their financial operations, required statements that could summarise their situation more accurately.

In appendix to the ledger is the register "of income and expenditure", which summarises the balance of financial movements. At times, as in the case of the cash-ledger, this could constitute a ledger in itself. There is no mention of these recordings in the first part of the White Ledger, although it must be supposed that they were kept, perhaps, in another ledger on their own.

Over the entire period from its establishment until the death of

¹⁷ Cfr.: M. Cassandro, *Il libro giallo ecc.*, op. cit. pp. 13-16.

¹⁸ lvi.

its founder, that is from 1438 to 1454, the Rome Company produced gross profits of just under 1,000 *fiorini di camera* per year.

However, it should also be remembered that the companies at the Roman court were often more banking-houses than mercantile enterprises. Indeed, international commerce at that time was generally limited to precious products intended for a small group of wealthy purchasers. These were the same people who needed to make use of bankers (who often were the same merchants from whom they purchased goods) for every kind of operation concerning their money.

These customers were not ordinary people, but personages who represented the *crème* of the nobility and the clergy, that is to say the centre of political power in the places where they resided, the embodiment of that synergy between the spiritual centre of the Church of Rome and the temporal reality of an aristocracy which felt legitimised to govern since its right to do so derived from the supreme source. Thus this aristocracy enjoyed undisputed power wherever the authority of the Pope was recognised.

It was by becoming an important part of that very distinct social and political circle that the role of the merchants grew to the point of influencing the decisions of princes, monarchs and popes who prided themselves on being the absolute holders of spiritual and temporal power. An analysis of the names of the newly-founded company's first customers and agents can help us to understand the context in which it was operating, and through which channels Antonio della Casa developed his business as a banker¹⁹. We may

¹⁹ We should point out that the new company was, to all intents and purposes, essentially a bank, and nothing else, which was rare at that time. In fact, in the first year of the company, trading operations were scarce, and generally concern very important customers like the lot of silk bolts requested by the Patriarch of Jerusalem, mess. Biagio da Mulino (the statement of the payment in folio 26 from Estranei n. 488, c.48-49), the velvets and silver embroideries for the same prelate and for other members of the Court (in folio 24, from Estranei n. 488, c.44-45), and, even though the ultimate consignee is not specified, but only one of his servants who had to collect the goods, the "pontifical in pure velvet decorated with silver", mentioned in folio 29 of the White Account Ledger (*Estranei* n. 488, c.54-55).

therefore consider the names that appear in the first pages of the White Ledger as a good introduction into the world in which the new business operated. We can also understand the role and importance that Antonio della Casa obtained from it.

From this point of view, it is a good idea to divide account nominees into two main categories: customers in the strict sense and merchant agents in other markets. Many of the latter were either branches of the Medici Bank or bankers who were relatives or partners of directors of the Medici companies, or, not infrequently, businessmen, usually of primary international importance, like the Borromei or the Pazzi, with whom Antonio della Casa had already had dealings in his former capacity as Papal depositary.

The companies that may be classified in this third group are, with the two mentioned above, the Boni, fundamentally for the Bruges branch, the Casassi for Florence and Rome, Nicola della Valle for Rome, the Moratti of Pisa, the Ginori of Florence and other smaller ones.

It should be borne in mind that right from the founding of the company in Rome all branches of the Borromei bank²⁰ were

²⁰ Filippo Borromei ("Buonromei" in the text) was a merchant who operated principally in the Milan market, with branches in Spain, Flanders, Geneva and England. He is mentioned in folio 5 (ASpl, Estranei n.488, c.10-11) on the exchanges and payments account of Antonio Panciatichi and Giovanni Portinari of Venice, and as consignee of a remittance made by the procurator of the Duke of Savoy, Ambrogio da Cissiacco. He was the principal *maggiore* of the Borromei companies. In folio 13 (c.14-15) there is an account in the name of "Filippo Borromei e Paolo da Castagnolo & Co." of Milan, for exchange operations that involve the principal agents of Antonio della Casa's bank. It is an "ours-yours" account, in accordance with Medicean usage, for the considerable total of 1,837 *lire imperiali* in silver, exchanged for an equivalent total of 487 *florini camerati*, 5 *soldi* and 2 *denari*. In folio 27 (c.42-43) another account is made out in the name of "Filippo Buonromei & Co. di Bruggia", presumably a branch belonging to the same merchant. In folio 32 (c.51-52), there is a payment account in the name of "Fillipo Borromei & Co. di Barcellona" for operations to the sum of 1,411 *florini di camera*, 19 *soldi* and 8 *denari*. This too is an account of the "ours-yours" type. We ought to remember that the companies which mentioned this merchant were the principal correspondent banks of Antonio della Casa's bank in all the markets where the Medici were not represented, and, sometimes, even where they had an operative branch (for example at Bruges). And so this banker played a very significant part in the Rome company's early days, at least for the credit he granted the new bank. However, it is very likely that between him and Antonio della Casa there was more than a mere business relationship: they probably knew each other well on a personal basis.

correspondents on at least the same level as the Medici, and where the Medici had no branch, as in Spain, the Borromei were the preferential interlocutors for every kind of operation.

Among the merchants in some way linked with the Medici, either by lineal relationship or through the families of their principal directors, the most important (with reference to the amounts of money exchanged) were the Panciatichi in the Venice branch, where they were in partnership with Giovanni Portinari²¹, the Inghirami of Avignon and the bank of Nicolò da Mileto (or Meleto in some texts), the Medici agent in Bologna.

Antonio della Casa's business had regular and sizeable dealings with all the Medici branches, and the fact that trade flowed in both directions also indicates how much confidence the *former-maggiori* still had in him²².

²¹ A merchant operating in the Venice market. In the White Ledger, his name is mentioned only in the name of the company "Panciatichi e Portinari & Co." It could refer to Giovanni d'Adovardo Portinari (1363-1436), from 1416 to 1435 manager of the local branch of the Medici Bank, who died in April, 1436, and that would lead us to presume that his heirs Adovardo (1406-1470) and Bernardo (1407-1455) - who in 1439 became manager of the Bruges branch of the Medici bank - had not agreed on a possible change in the company's name, even though he had been dead for more than two years. It seems unlikely that it was his grandson, Giovanni di Adovardo di Giovanni (1438-post 1526), who was only a few months old when the accounts were written in the White Ledger.

These Portinari were direct descendants of Folco di Ricovero di Folco (died 1289), father of Dante's Beatrice and great-great-grandfather of Giovanni senior. They are to be distinguished from the branch called "di Sandro", who were among the richest in Florence, and also descended from Folco. The Portinari mentioned here, their cousins, were very close to the Medici: they were managers of the most important branches of the Medici banks throughout Europe, and the post was handed down from father to son during the whole of the fifteenth century.

²² This finds sufficient confirmation in the "memo" (*ricordanza*) left for Gerozzo de' Pigli, when he took over the management of the London branch of the Medici bank on 31 May, 1446 i.e. only seven years after the founding of Antonio della Casa's bank. In the memo, della Casa is considered one of the few reliable agents in Rome, and credit of up to 1,500 *fiorini* is granted to him. This sum is even more important if we consider that it refers to a single branch of the Medici bank. In the note ("*ricordo*") that Cosimo de' Medici and Giovanni de' Benci gave to Gerozzo de' Pigli, manager of the London branch of Banco Medici, it is written: "Venendo poi a Roma, oltre a' nostri vi sono i Pazi (Pazzi) per chui si può fare largamente, e sonvi poi i Chanbini e Antonio della Chasa; per questi due si potrebbe pigl(i)are di grandezza per insino a fiorini mille e cinquecento per uno, e similmente per quelli di Filippo

The importance of this network of contacts must be taken into account. Because of the doctrine on usury and its implications, credit activity could not be practised openly, i.e. by granting loans with interest. The *lettera di cambio* (bill of exchange) had thus become the principal means by which money was loaned. This bill was an order of payment on a market other than the market of issue in a different currency, i.e. a bill which incorporated an exchange. By means of this bill, and above all by means of arbitrage on the parity of the futures price, it was possible, with several simultaneous operations, to conceal the interest-bearing loan²³, making the loan appear as speculative profit on the variations in the exchange rates. There is the problem of analysing the contrast between church doctrine on usury and the commercial activity the Medici and the principal bankers practised, especially in connection with the Curia and the ecclesiastical world, since any type of interest or bonus for money loaned was forbidden. On this subject, the doctrine of Scholasticism, based on a broad interpretation of certain passages from the New Testament and the Epistles of St. Paul (which stated that making interest-bearing loans to a brother in need was not consistent with the principles of faith), had in actual fact extended the cases of credit to the needy - which strictly speaking should not be credit but a gift in God's name - to include loans for risk-prone enterprises (a situation which arose with the development of trade); in practice, these were two vastly different things. However, it should be specified that economic enterprise, especially if aimed at profit, was viewed with suspicion by theologians.

Of course this did not stem the development of banking, but it did distort its instruments, since the merchant's interests had to

della Luna e compagni di Roma per insino a detta somma". To make a comparison, we may consider the fact that, twenty years previously, Pope Martin V (1417-1431) at the Rome branch had a credit limit of just 2,000 *fiorini di camera*. For the reference to the "ricordanza", see ASF, *fondo Mediceo avanti il principato*, filza 94, n.134, cc.214-215.

²³ R. De Roover, *Il Banco Medici dalle origini al declino (1397-1494)*, Florence, 1970, pp.12-22.

give a semblance of being within the laws of faith. There were various instruments by means of which a bonus on credit was obtained all the same, nevertheless lawfully. The most common was the bill of exchange (*cambium per litteram*), which consisted in the transaction of bills of exchange payable in another town and often in a different currency, with interest hidden in the price of the bill, which was perfectly legal, since it was not a loan but a sale or exchange of foreign currency. Exchange was not usury, because where there is neither loan nor credit there is no usury, at least according to the prevailing theory of that time (S. Bernardino da Siena, in *Quadragesimale de Evangelio Aeterno*, sermon 36, art.1, cap.1 and art.2 cap.1, said "*usura solum in mutuo cadit*"). Of course, this showed in the accounts books of bankers in the early fifteenth century; discount operations rarely appear, whereas exchange operations are very frequent. Naturally, there was no interest account, not even in the secret books, because it would have been risky, but there was an account entitled "exchange benefits and damages", which was added to the "bank surplus and deficit", the modern-day profits and losses.

This made the banking profession socially acceptable, provided the banker had a sufficiently large business to be able to perform operations in several towns so that he could put into practice the devices described above. In this, the Medici and the other big bankers, especially the Italians, differed from the rest. They did business with the Roman Curia, they prided themselves on being the Pope's cambists, they entered into key-posts in society, they were honoured and esteemed, even though their profession, which had always been known as the "art of exchange", was not particularly elevating socially. Small pawnbrokers, on the other hand, were always called usurers, cast out by the Church and society, deprived of the right to a Christian burial and sometimes deemed unworthy of making a will legally. This was, in short, the difference between the pawnbrokers, who had a red drape over the door, were small

and were considered usury banks, and the *Banchi a minuto* and the *Banchi grossi*, the former being small commercial enterprises while the latter operated in several markets and in several sectors. From 1437, in Florence pawnshops were almost exclusively run by Jews, who received special licences on payment of a ticket which compensated the authorities' moral responsibilities.

However, bills of exchange²⁴ had to go through another bank when they reached their market of destination. This could be a branch, an associated firm (i.e. a limited partnership with the same *maggiori* as the holding but with a director-partner "*in loco*" - and this was the case with the great merchants like the Medici) or a correspondent.

Such relations were therefore a vital aspect of banking

²⁴ The bill of exchange was structured so as to provide for four people, two on the home market ("*datore*" (drawer), i.e. the purchaser of the bill, and therefore of the foreign currency, and "*prenditore*" (payee), i.e. the issuer of the bill) and two on the foreign market ("*trattario*" (drawee) and "*beneficario*" (payee)). The final payee, in actual fact, was the equivalent of a borrower who received monies in exchange for a bill payable on another market, which gave rise to a subsequent money-flow, exchanged into a different currency, in which interest could easily be incorporated. In fact, the interest would not appear as such, but would have become profit from the exchange.

The payment accounts that involved intermediaries, i.e. drawer and drawee, who were bankers, provide us with a summary of the amounts of money their customers dealt in, and, above all, contain references to personal accounts which, from their structure, show us whether they were really remittances, at limit speculative ones, or concealed credit. "Dry" exchanges (i.e. exchanges carried out by the merchant himself, through another bank of his, as drawer, drawee and payee on the bill's outward journey, and drawer, and payee when it was returned, which meant that in substance there was no real movement of money, but only clearing transactions on internal accounts), was considered a practice only just within the bounds of lawfulness, and, indeed, was sometimes deemed comparable to a usurer's loan. In these typologies we do not find, as is logical, credit in the strict sense, given the constraints imposed by the regulations on interest. However, it is well-known that loans took place nevertheless, fundamentally through bills of exchange. These were orders of payment on a market other than that of the bank's headquarters, in a different currency from the original currency. Incorporated in the price charged for the exchange, there could be the merchant's profit for having transferred the customer's money elsewhere, or, when the operation was none other than a credit concealed in a movement of money backwards and forwards on different dates, the interest for the loan granted, which in this way came to take on a totally lawful form.

practice²⁵, in that it was almost entirely a matter of exchange. Currency exchange operations on markets other than that where the contract was drawn up (through "bills of exchange") were in fact the most common method of performing money-lending without meeting with the charge of usury, given that instead of exacting interest openly, the merchant disguised it as exchange profit risk. In fact, at that time too, the money market was subject to extremely volatile fluctuations, and an exchange order Florence - London - Florence, which formally required two months' currency, could expose the capital account to a substantial profits and losses risk²⁶. The solution was generally found in a simultaneous operation in the opposite direction which could be performed by a correspondent of the merchant from whom the order started, provided he was sufficiently sound and fortunate to be able to count on such close connections. On average (R. De Roover,) in the fifteenth century interest rates

²⁵ The White Account Ledger used in this research (kept in ASPI, Estranei n.488) contains some very important elements, such as the names of the people and the amounts of money involved in dealings with agent banks, the type of operations generally performed, information as to whether the financial aspect or the commercial aspect was the more important, and, above all, accounts belonging to the bank's customers, which give us some idea of the society that moved around the Papal Court. The importance of this latter aspect should not be underestimated: in fact, especially among the clergy, the fact that the customers whose names appeared in the ledger included people in close contact with more eminent personages implied that there was at least an indirect relationship between the bank and these eminent personages.

The White Ledger, as well as providing us with information about the society of the time, gives us all the accounting and administrative details which are of considerable interest because they can be compared with similar details from other better-known banks of the period.

²⁶ It must be borne in mind that when there was no "covering" operation, the exchange risk was total. That meant that both banker and client had an equal chance of losing or gaining capital. In fact, it could happen that, because of a not infrequent monthly fluctuation of 3-4% in the price of one currency against another, either the banker was lending interest-free - or even losing money on the loan - or the customer had to pay 30-40% annualized interest, which were usury interest rates.

However, it should be noted that, whereas a formal contract for credit at 5% would have been considered usury, an exchange operation which was very unfavourable to the customer because of fluctuations in the price of currencies was absolutely legal.

charged by the main banks, but always disguised in complex exchange operations, oscillated between 12% and 14%.

Given the similarity of these practices to the modern "swap" contract, we can clearly see how advanced the financial instruments of the time were, and how aware operators were of market laws and phenomena which were not formally theorised until much later. And so it is correct to argue that far from acting as a brake on the development of the banking and financial business, legislation on usury has been one of the main causes of innovation in the evolution of banking methods.

The remaining accounts, excluding obviously the summary account called "bank surplus and deficit", were in the names of customers of various types, almost all connected with the Papal Court, both laymen and clergy, who had a very important part in the company's expansion, or in the names of the *maggiori* themselves, especially for the first operations (mainly "a corpo" contributions, i.e. company capital deposits at the end of 1438)²⁷.

²⁷ As regards the kind of operation that may be gleaned from the accounts in the ledger of the Rome Company, the majority were bills of exchange, generally drawn on correspondents and never, at least in the first 35 folios, "dry" exchanges, i.e. without any movement of funds (this was usually faked with a counterfeit operation between the partners themselves who acted by pretending to remit a sum of money to another place of business - in actual fact this was only a book-keeping transfer - either on their own account or through another business that belonged exclusively to them). However, this kind of exchange was extremely rare because it was considered of dubious legality, in that it was substantially tantamount to a loan, with the usual problems regarding interest.

The other financial operations, at least in the first part of the accounts ledger were mainly cash-department settlements for purchases, some (rare) deposits, and the occasional, but interesting, case of transactions with members of the clergy for the payment of "*servigi*" connected with their new livings (as, it appears, in the account in the name of Ludovico della Zandria).

Then there were mercantile operations, which were few, at least in the company's early days. In the first 35 folios, there are only five merchandise accounts, of which two are for bales of silk, partially endorsed to other merchants, one for velvets, one for silver decorations and various other jewels and one for a pontifical in velvet. The quality of the objects and the importance of the consignees gives us to understand that it was more a collateral service offered to an important clientèle than a prominent source of income, as it was for the bank in Geneva, which, on the contrary, was a mainly commercial enterprise.

At least two large categories of the clergy²⁸ stand out among the company's customers: the Pope's formal retinue where Italian prelates were in the majority, and clergy involved in the Council sessions²⁹, mainly Europeans and especially Englishmen and Frenchmen. But besides these, many accounts bore the names of "laymen", both nobles and courtiers, craftsmen and merchants³⁰.

These people make up an interesting cross-section of the society which revolved around the Pope, and they are also useful for helping us to understand economic and political structures in the fifteenth century.

As far as ecclesiastics are concerned, it is well known that for personal reasons, mainly connected with the structure of the benefice system and inheritance requirements, the clergy looked to the services of a reliable banker. It was a mutually advantageous

²⁸ Usually banking companies were at one and the same time mercantile enterprises which, as well as financial services, offered customers the possibility of obtaining goods available only in other markets. Although it could happen that the goods in question were corn or other non-precious goods, trade was generally in objects for an important client, as in the case of the banks operating at the Papal Court.

The White Ledger shows us that, in della Casa's case, this business was sporadic and entirely marginal, reserved for very important persons and very exceptional requests, as in the case of the account in the name of a "pontifical in pure velvet", purchased by the Patriarch of Jerusalem, Biagio da Mulino (but, we may suppose, perhaps for another person in the end). When a sizeable lot of silk material, 21 bales in all, was purchased, part of the goods was endorsed to other merchants, such as the Ginori or the Pazzi, which confirms that this kind of operation was not usual.

²⁹ Usually more than 80% of the accounts, and this is the case of the White Ledger too, were in the name of people, fundamentally for exchanges and for currency remittances from other markets. The clientèle was for the most part made up of ecclesiastics involved in the Council sessions or resident at the Papal Court. Their requests for services therefore concerned dealings with their native land, where they often held important livings, or, in the case of courtiers who had been assigned a living without their ever having left the Papal retinue, services connected with receiving the proceeds due to them. Payment accounts for the purchase of goods were much rarer; the Rome Company, at least in its early days, did not deal in these, except on special occasions. Real deposit accounts in the first months were very rare, and without any details of conditions, like that in folio 16, in the name of ser Lando di Lorenzo di Lando, of Florence, who had "in deposit at his disposal" 35 *fiorini di camera* and 11 *soldi*.

³⁰ It is interesting to note that the customers of the *Compagnia di Roma* include people from every social class, from notables and high-ranking prelates to humble carpenters and artisans.

arrangement, because the banker could thus count on regular (and considerable) money-flows, Canon law guarantee on insolvency, and, not least, the personal and professional advantages that accrued from being close to eminent prelates. This procedure became more marked during the late fourteenth and early fifteenth centuries, when it came to include every level of the ecclesiastical hierarchy, and it slowly transformed the bankers' condition from that of employees to that of influential persons concerned with the struggle for power within the Church (and not only there).

The ecclesiastical clientèle of the Rome Company included such prominent figures as the Archbishop of Trier, Jacob Sverl, and the Patriarch of Jerusalem, Biagio da Mulino, and other clergy (often dignitaries of the Papal retinue or friars representing some order at the Council sessions), apparently not so renowned but who must have been well known to their contemporaries, considering the sums of money they dealt in.

Many of those holding positions at court who appear in the Rome Company's ledger book were probably the delegates of more eminent personages. Similarly, some apparently unknown friars could have been instructed to attend to some operations, if not to the entire administration, on behalf of their abbey or their order.

It was the combination of relations and connections that its founder had in the ecclesiastical world which enabled the Rome Company to start operations so swiftly and to become established in a relatively short period of time. Moreover, in this same context, the banker's personal ability could build those grounds necessary for the further development of his business with markets where his familiarity with Rome would certainly have been to his advantage.

However, when we consider the operations that involve members of the clergy, there is generally no room for doubt as to the profound bond that linked bankers to the ecclesiastical world. The same cannot be said for the other clients.

Among the "lay" customers who appear with accounts in their name in the White Ledger, Ambrogio da Cissiano deserves atten-

tion. He represented at the Papal Court Duke Amadeus VIII of Savoy, who was elected anti-Pope on 5 November 1439³¹, just one year after the Rome Company was established. Although there was not a huge sum of money involved, the relationship with this person, a customer of the bank from its very early days, reveals a certain familiarity on the part of the Savoy dignitary with Antonio della Casa because of its duration.

This kind of relationship, which could also imply that business was conducted with the Duke of Savoy himself, would not at first seem consistent with the interests of a banker who operated for the Pope, and so was eager to gain credit as best he could as a skilled and reliable man. On the contrary, it would almost seem an attempt to "have more than one iron in the fire", considering the latent tension that shortly afterwards once again upset the Church's hierarchical structure.

However, there were other much more surprising cases, such as the close bond of friendship which only a few years before had tied the Medici³² to the anti-Pope John XXIII (Baldassare Cossa). He remained a very good customer even after he had been deposed (Council of Constance, 29 May, 1415): the manager of the Rome branch, Ilarione de'Bardi, with some staff, continued to serve him

³¹ Felix V's election was the culmination of the quarrel between the Council movement, that wanted to limit the Pope's spiritual authority, and the legitimate Pope, Eugenius IV, who interpreted his role in a somewhat rigid and absolute manner. The problem was resolved at the time of his successor, Nicholas V, who saw the Papal prerogatives fundamentally confirmed.

³² Cf. R. De Roover, *op. cit.*, pp.291-291. As soon as Martin V was elected (1417), the Medici branch in Rome almost immediately went back to following the legitimate Pope. The dual service was therefore only temporary, probably because at that time, in the thick of the Great Schism, it could never be known which Pope would prevail in the end. While Bardi followed John XXIII, Matteo d'Andrea Barucci, who later became manager of the branch at the Papal Court, had remained in Rome. Between 1416 and 1419, the Medici company "*in Corte*" had its formal office in Constance, because of the Council (1415-1418), and a "bank" in Florence, at Santa Maria Novella, where Martin V resided for a certain period after his election. The return to Rome was in December, 1420. Among the people who moved on this occasion, there was a young messenger boy, only fifteen years old, who had been taken on shortly before the departure from Florence: Antonio della Casa.

despite the fact that he did not submit formally to the new Pope Martin V (1417 - 1431) until 23 June, 1419.

Another fairly important personage, the nominee of an account on folio 4³³, is Lodovico della Zandria, a nobleman who is said to be "son of the Papal household". He performed an operation exchanging an obligation, probably a living. This is the only reference to payment for "*minuti servigi*" (small services) in the first year of the bank. From the entries in the ledger, not much more can be learned about him and his relationship to the Pope, but he may well have been a nephew of Eugenius IV.

Occasionally there are accounts in the name of courtiers and dignitaries, usually for exchange operations which are often in fact money loans. This is the case of the exchange in Venice on behalf of Filippino della Seta (about 153 *fiorini*), or the one in Geneva, in the name of the nobleman Andrea d'Aiglou (10 *fiorini*)³⁴, and of the operations commissioned by the Papal penitentiaries, Jacopo di Navarra and Giovanni Sanici.

The *clientèle* that seems in some way connected with Jacopo Donati, a partner of the *Compagnia di Roma*, is of some interest. On the short account, on folio 20³⁵, in the name of "our Jacopo", and on the references to the settlement accounts for the merchant Nicolò da Mileto on folio 17³⁶ and Filippo Borromei of Milan on folio 13³⁷, we find the names Michele Cavalcanti, Teodosia di Castiglione and Donato and Susanna Donati. They were people who must have had a certain influence and enjoyed some renown in Florence, especially Cavalcanti, who belonged to one of the city's oldest families. Ginevra Cavalcanti had married Cosimo de' Medici, and the *Tavola* had its headquarters in her palazzo, in the workshops she had brought to her husband as part of her dowry.

³³ Cf. ASpl, Estranei n.488, c.8-9.

³⁴ The accounts are on folios 4 and 5 of the White Ledger, i.e. in Estranei n.488, c.7-11.

³⁵ Cf. ASpl, Estranei n.488, c.38-39.

³⁶ Cf. ASpl, Estranei n.488, c.32-33.

³⁷ Cf. ASpl, Estranei n.488, c.24-25.

However, the personal importance of the people who had business with the company is not in itself the sole indicator of the company's success or of Antonio della Casa's achievement as a banker. It is certainly true that the context in which the enterprise developed was important, especially as the basis for future expansion, but it is the volume of business during the first months that makes it clear to what extent the new bank had gained entry into the Roman market. In fact, it should be taken into account that, taken as a whole, the settlement accounts on the first 35 folios of the ledger, equivalent to almost one year's activity, considered cumulatively, refer to a volume of exchanges and transactions of about 13,000 or 14,000 *fiorini* per year, undoubtedly a considerable volume for a newly-founded firm. As far as the operating results are concerned, from the White Ledger we know that the gross profits were just under 1,000 *fiorini* per year for the first five years, i.e. the period from 1439 to 1445³⁸.

It is interesting to note that the profits of the Rome branch of the Medici bank³⁹ in 1439 amounted to 9098 *fiorini*. They then fell to 3,700 *fiorini* in 1440, as well as a balance of 5,300 *fiorini* from excessive reserve funds set aside the previous year. In 1441, profits rose again to about 7,400 *fiorini*, of which 4,000 were for settlements. The total balance sheet of the Medici bank at the Papal court was about 200,000 *fiorini da camera*⁴⁰.

One notes immediately the fact that the Roman-Florentine market could at that time absorb a new bank in profitable conditions. However, it is open to debate to what extent the new rival's presence harmed the leader-enterprise, i.e. the Medici, taking into account that doubtless part of their clientèle followed Antonio della Casa. It is also open to debate to what extent della Casa benefitted from a real moment of market growth.

The slight fall in profits shown by the Medici branch in Rome is

³⁸ Cf. ASpl, Estranei n.488, cc.214 and 440.

³⁹ Cf. ASF Archivio di Stato di Firenze), MAP (fondo Mediceo Avanti il Principato), 153 n.3, cc.35, 42, 44, 60, 66, 73, 81, 88, 92.

⁴⁰ Cf. R. De Roover, op. cit., chap. VIII.

not too indicative, in that, the Pope being in Florence, the Medici bank came to operate in the same market as the *Tavola*, which, moreover, between 1440 and 1441⁴¹ increased its net profits considerably, from 2,200 to about 3,449 *fiorini*, whilst between 1434 and 1439 it had actually registered losses.

And so apparently the founding of Antonio della Casa's bank did not have an important impact on the Medicis' business. On the contrary, taking into account that the following period was one of great expansion for both banks⁴², it is more probable that as well as the preconditions that had permitted the founding of the new enterprise, the favourable economic situation in Italy during those years was the decisive factor for the new bank's consolidation. The presence of the Papal retinue and the Council clergy, together with all the bankers and merchants who usually operated at the Papal court, certainly influenced the actual size of Florence's financial and commercial market in those years, increasing it enormously. This must have been sufficient to make room for a new enterprise that could count on both a solid basis "*in loco*", and the credit that its founder had accrued and the relations he had cultivated in ecclesiastical circles.

⁴¹ Cf. ASF, MAP, 153 n.3, cc.24, 25, 26 and 41.

⁴² From 1429 until 1464, Cosimo de'Medici was the head of the group and the head of the family. The period between 1439 and 1464 was when he was at the height of his fortune as a merchant and banker and when the family affirmed itself politically once and for all.