

HIGH FINANCE, BANKING AND SMALL-SCALE MONEYLENDING: A NEW TRINITY OF FINANCIAL FUNCTIONS FOR LOMBARDS IN THE LATE-MEDIEVAL LOW COUNTRIES?

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Abstract: In this paper, we argue that within the late medieval Low Countries Piedmontese moneylenders offered their clientele a “trinity” of financial services: a stake in high finance undertakings, banking facilities and small credit transactions. To demonstrate this thesis, we use two complementary methods. First, we study the commercial strategies of Piedmontese banking societies with respect to their lending patterns in various regions. Second, we analyse their position in the public finances of two major cities of the Low Countries—Mechelen and Mons. We show that they fulfilled an important function as capital providers in both the private and the public credit sectors, allowing for a steady credit supply and probably contributing, on a short-term basis, to money supply in times of silver scarcity or famine shocks. We argue finally that these banking societies’ interest rates ought to be considered, not on a yearly basis, but rather on a weekly basis, which more accurately reflects medieval trade credit practices.

Keywords: Public finances, financial intermediaries, interest rates, banking, high finance

From De Roover’s “Holy Trinity” of Financial Actors to a Trinity of Financial Services

More than sixty years have passed since the publication of De Roover’s masterwork, *Money, banking and credit in mediaeval Bruges. Italian Merchant bankers, Lombards and Money-Changers. A Study in the Origins of Banking*. De Roover’s harsh judgment on the modest economic functions of the so-called “Lombards”—

in fact mainly Piedmontese—moneylenders natives from Asti and Chieri who, in his eyes, were only small-scale usurers operating within the tight regulations of the city of Bruges, has been revised in quite a number of features. De Roover argued that the big guns—if I may use this colloquial expression—of the financial system in Bruges were the moneychangers and the Tuscan merchant bankers. When the former offered financial services ranging from money changing to deposit banking and supplying the ducal mint with ingots, the latter could loan vast sums of money to the city elites and the Prince while at the same time participating in the cloth trade between Tuscany and the Low Countries. Florentine merchant bankers like the agents working for the Medici and the Portinari used frequently, of course, advanced financial techniques such as the bill of exchange. Only the Florentine super-companies such as the Bardi or the Peruzzi could afford to have partners in all major trading cities in North-Western Europe. Such was not the case, obviously, of small usurers lending at 43.3 per cent a year. De Roover's ideological framework remained ingrained in his accountant's educational background. He could not envision a world, the late medieval urban society of the Low Countries, where financial institutions and economic functions were less rigid and shakier than in the 1920ties, when Raymond de Roover had studied finance at a business school of Antwerp.¹

That De Roover's views were seen as too rigid was already a fact in 1956 when the city archivist of Antwerp, Frans Blockmans, hinted at the pivotal function of Piedmontese financiers as providers of credit for merchants at the fairs of Antwerp, acting probably also as brokers between Köln wine merchants and local tradesmen from Antwerp. The recent doctorate of Federico Canelloni has shown how strong the integration of the Piedmontese family Asinari was in Antwerp at the beginning of the fifteenth century. Some members of this rich family had strong ties with the city moneychangers of Bruges and Antwerp, others kept an account with the Borromei Bank in London. In this instance, they could make use of letters of exchange for their business dealings between London and Bruges. Other studies have shown that Piedmontese financiers did not shy away from venturing into the cloth business, as Murray demonstrated for Bruges. I could prove that for the duchy of Brabant around the beginning of the fourteenth century, Piedmontese banking societies were in a strong if not overwhelming position with regard to high finance, loaning to the duke of Brabant huge sums that were on a par with the annual incomes of the ducal receipt. This was a confirmation of Bordone's thesis: as early as 1992, Renato Bordone could argue convincingly that so high were the profits derived from moneylending in the Low

1 De Roover 1948, 99–108, Aerts 1980 and Aerts 2018.

Countries that, back in Asti, the potent families Roero and Solaro could buy with this capital entire lordships and gain access to the nobility ranks from the beginning of the fourteenth century. All in all, in 2020 one can say, to quote the Belgian historian Camille Tihon, that the distinction between Tuscan merchant bankers, city moneychangers and the so-called “Lombards” is more akin to a curtain made of bamboo than to a watertight compartment.²

In this paper, I will try in a first part to reconstruct the “business plan” of some Piedmontese families whose partnerships were spread on a regional scale, aiming to identify typical business patterns among a number of these *societates*—business partnerships—that were lending their capital between roughly 1280 and 1330 in middle-sized and big cities of the Low Countries and the neighbouring regions: Gent, Köln, Leuven, Mechelen, Mons, Tournai, to name just a few of the most important cities where Piedmontese moneylenders expanded their business.³ These partnerships were often family-based and offered their clientele a wide array of services, ranging from book transfers between accounts to money changing and investments in moneylending enterprises. Therefore, in the following pages, I will preferably refer to Piedmontese financial establishments as banks or lending houses rather than using the too restrictive term pawnshops to describe their activities. I will mainly focus on the case of Tournai, and draw a comparison with the *societas* of Mechelen. If you would like to tackle the topic of “everyday” credit transactions among various social layers of the society then assessing the business strategy of creditors is a prerequisite for such an approach.

In a second part, I will argue that having pooled funds and revenues kept and perceived by various formal and informal economic actors (moneychangers, brokers, courtiers, members of the high-nobility, etc...), Piedmontese financiers might well have contributed to the money supply available in some major cities of the Low Countries. Being able to accept bank deposits and to loan huge sums of money to the Prince, while at the same time operating on a small-scale level of moneylending, “Lombards”, as they were dubbed in medieval sources, were in a crucial position to offer a “trinity” of financial services: high finance, banking and short-term small credits. To illustrate this thesis, I will draw upon quantitative

2 Blockmans 1956, 269–70; Tihon 1961, 335, n. 2; Aerts 1980, 35–36; Van Uytven 1987, 55–56; Bordone 1992, 482–493; Murray 2005, 138–148; Kusman 2012, 372–382 and Canello-ni 2015, 134–151.

3 Piedmontese moneylenders defined their partnerships as *societates* and the partners of a given *societas* as *socios* each owning a fixed number of partnerships in the society. It took the form of an *ex commenda* commercial contract: Castellani 1998, 165–168. The publication of Reichert’s atlas of Lombards highlights the wide supra-regional scope of Piedmontese credit undertakings (Reichert 2003, vol. 2, 6).

data from two case studies: the city of Mons in the county of Hainault and the city of Mechelen, a territorial enclave in the duchy of Brabant.

In this analysis, I shall strive to be as concise as possible, allowing for a broader view of the Piedmontese lending operations, shifting here and there from the micro-level, the city, to the macro level, the territorial state. In the concluding remarks, I will reflect upon the influence of Piedmontese finance on small-scale moneylending, even though this notion remains, in my opinion, difficult to grasp with respect to the late Middle Ages credit practices.⁴

First Approach, the Commercial Strategies of Piedmontese Bankers in the Low Countries

As Winfried Reichert showed in his paper of 1987 on Lombards between the Rhine and Maas regions during the late Middle Ages, if you aim to understand the credit networks of Piedmontese moneylenders then you need to pinpoint a single family in each instance.⁵ You need also to find out how far these credit networks, based on kin connections, extended. In other words, you need to put on a map the circulation of capital and men. This is a necessary step because the vast majority of these financiers coming from Asti did not leave behind any commercial archives of the sort you would normally expect if you were studying Florentine merchant banker companies. No accounts, no merchant books, no letters, usually no *libro de ricordanze*, thus no family's chronicle and almost no wills remain today to help the historian of Piedmontese moneylenders. All the historian is left with, for the Low Countries, are mainly debt recognisances and some city accounts that mention, in passing, "Lombards". This scarcity of private business archives might explain why, too often Lombards were denied any sense of a commercial strategy. Obviously, debt recognisances belonged to the sort of legal records that would be, more often than not, drawn up before the local aldermen of the city where Piedmontese financiers were operating so that lenders could benefit from the legal guarantee of their city of residence for the enforcement of their creditor's rights. This means that the Piedmontese moneylenders were speaking through the al-

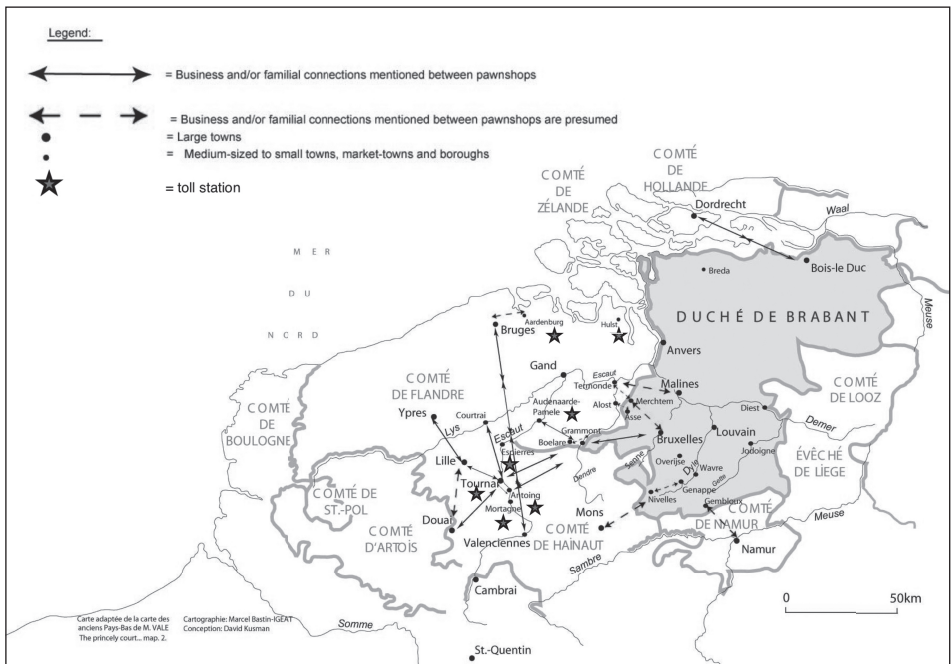
4 The concluding debate of the conference showed how blurry this concept may be for the late medieval economy: for instance, do we have to take into account a purely quantitative approach when we try to define a small-scale loan or do we have to take into account a geographical factor (local versus international credit) or the features and form of the credit instrument (pawnbroking vs. annuities)?

5 Reichert 1987, 198–199.

dermen's voice and therefore observed through the lens of the Prince or the local authorities⁶. Yet, this does not necessarily mean that they were not able to devise their own business strategy, adapting to the changing commercial opportunities of each region, similarly to the commercial site analysis used by Tuscan merchant bankers, whether it focused on the abundance of money flows or on the volume of the market⁷.

Between, roughly said, 1250 and 1290, the Piedmontese moneylenders established their societies in a number of cities and "chatellenies": the word meaning in its most common acceptance a fortified borough or a medium-sized to big city where a toll station (See Fig. 1) existed with a tax being levied on transit trade (this was the case in Antoing, Audenarde, Aardenburg and Hulst, in the county of Flanders).⁸

Figure 1 Map of supra regional Piedmontese credit networks around 1292.



6 This perspective is particularly striking in Bautier 1979 and Van Uytven 1987.

7 I draw this approach from the stimulating considerations of Weissen 2002, 72–73.

8 For the financial dealings of the Piedmontese moneylenders in Tournai, see Kusman 2012, 67–82.

During the second half of the thirteenth century, the Scheldt basin became a vital commercial axis for the late medieval Southern Low Countries. The Picardy region exported grains and dyestuff products such as woad to the county of Flanders while Tournai exported building materials such as the notorious Tournai stone to the city of Ghent, an essential component of the prestigious houses of the Ghent top urban elite. Grains from Picardy transited the Tournai toll before flowing to Ghent via the toll stations of Espierres and Audenarde; in Ghent, the grains had to be unloaded and sold prior to other cities, by virtue of this town's staple right on grains.⁹ This institutional framework of tolls and staple rights had to rely on the services of middlemen, whether financiers or princely officers as the "châtellain".

The "châtellain" or castellan, while being a lord, performed jurisdictional and financial duties related to the management of the toll's income. Toll stations were of course of strategic interest to the Italian bankers and merchants. In these places, they could work as moneychangers, lenders and brokers and as translators if there were other Italian merchants. Lombards, as they were dubbed in the medieval sources, tended preferably to develop at first their activities in the estates of powerful manor lords belonging to the high nobility (as in Mortagne, Tournai and Audenarde). These lords had a strong interest in developing a local market and a fair so that they could derive profits from it in setting up a toll station.¹⁰ This is illustrated by the case study of Tournai, a city that belonged to the French Crown, on the river Scheldt, where members of the families de Baeini, de Solaro and de Roero had managed a lending house on the right bank of the river since 1254, in an enclave within the city: the lordship of the manor lord, Arnould de Mortagne. Arnould de Mortagne had strong connections to the Flemish nobility and was also a vassal of the count of Flanders.¹¹ This powerful lord owned the lordship of le Bruille, not far from his fortress. Thanks to their privileges received from this local lord, the Piedmontese lenders benefited from a tax exemption from the *taille* (the direct income tax levied in the other part of the city). In addition, they enjoyed the legal status of bourgeois de Monseigneur de Mortagne, or lord of Mortagne's burghers. This statute of seigniorial burgher was in many ways similar to the statute of city burghers also offering tax exemptions for the navigation on the river Scheldt. In exchange for the lord's protection, they had to pay an annual fee to the lord for their *octroi* or license to lend at interest. The license was

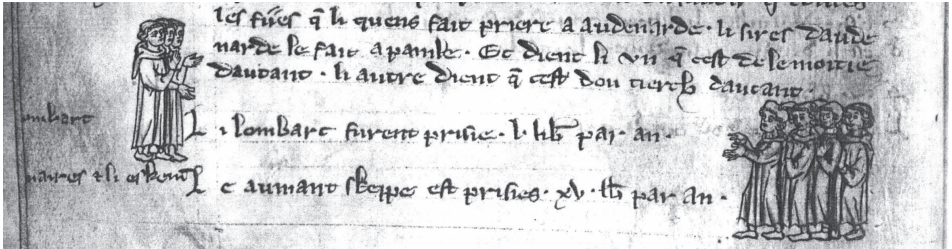
9 Boone and Lecuppre-Desjardin 2007, 195–198.

10 Dyer 2005, 20–23 on manor lords and tolls and about the castellans in the Low Countries, see Nieuss 2006, vol. 1, 19 and 21–22 and vol. 2, 316.

11 On this family, see Warlop 1975–1976, vol. 1, 48, vol. 2, 310, vol. 3, 916 and 921–924 and vol. 4, no. 210, 1155 and more recently Buylaert 2011, 506–511.

subject to negotiation as pictured here in the charterbook of the rents of the lord of Audenarde, another powerful manor lord who possessed a toll station on the river Scheldt and relied on the Lombard credit (Fig. 2).

Figure 2 Lombards negotiating their license to lend at interest with the town magistrate of Audenarde.



The taste of Piedmontese moneylenders for establishing their banking society in the vicinity of the lord's manor, offering them strong incentives to expand their business, the *Herrschaftsnähe* as it is called in German, is something that Reichert also pointed out in 1987.¹²

Within the time span of twenty years or a generation in medieval terms, the de Baieni, de Solaro and Roero families from Asti expanded their lending business, becoming important providers of fresh capital in Tournai. Their clientele encompassed a wide cross section of the urban population ranging from the middling groups to the urban elite. The main features of their lending undertakings were the following:

- An average loaned amount of forty-seven pounds parisis, worth more than 600 times the daily wage of a skilled mason which equals more than two years of wages, clearly not a “lending for the poor” pattern¹³
- A strong presence of cloth merchants among the borrowers—some of them being traders in dyestuffs—which amounted to eight per cent of the clientele¹⁴ (Table 1)

12 Reichert 1987, 194–195 and 213–216

13 Bernardi 2011, 110: a typical working year in the building sector would generally count 250 days.

14 In 1271, two Tournai entrepreneurs loaned Tommaso and Auberto de Solaro the sum of twelve pounds ten shillings parisis. One of them was an important investor in woad, an important dyestuff for clothes.

Table 1 The social status and occupations of the Tournai Lombard's borrowers and their co-debtors*

Food and drink trades	Cloth trade	Cloth crafts	Metal workers	Leather workers	Wood merchants	Money-lenders
4%	8%	4%	2%	4%	2%	3%
Urban Elites	Nobility	Town land-lords	Burghers without further details	Traders without further details	Clerics	Peasants
20%	5%	8%	14%	2%	2%	5%

* A word of caution is indicated as the cloth crafts encompass a variety of occupations and incomes, going from the simple fuller to the cloth entrepreneur. Two examples will illustrate this disparity between social statuses. In the first one, Colars li Auwiers des Cauffours, coming from the industrial part of the city where the lime kilns (*cauffours*) were located (Billen and Heirwegh 1985, 253), loaned the Lombards the sum of sixteen pounds and two and a half shillings in 1273, together with his two co-debtors, Colars li Piniers and Theris Galais, a sum to be reimbursed sixty-three days later. Colars li Auwiers had been known as a linen clothier since 1256 (State Archives in Mons, Papiers Léo Verriest, classeur no. 2, 1250–1268 and Bigwood 1921–1922, vol. 2, 110, no. 76). In the second one, a Jakemes *li taitenier* (or teinturier: dyer) de Ramegnies (a village situated north-west of Tournai), a rich dyer entrepreneur loaned with his co-debtor, the big sum of eighty pounds tournois to Bonifacio de Baieni and his relatives in 1267, for days (Bigwood, 1921–1922, vol. 2, 104, no. 10), to be reimbursed forty days later. Those eighty pounds were on a par with roughly ten years of yearly wages of an unskilled worker in the building industry (see Verriest 1905, 37 for the wage).

Table 2 Terms of reimbursement of the Tournai Lombard's bank (1254–1289)

Term	Number	Percentage of loan contracts
Less than 3 months	71	57%
Between 3 and 6 months	33	27%
Between 6 and 9 months	15	12%
Between 9 and 12 months	4	3%
12 months	1	0,8%

- Their lending society provided a short-term credit mainly for commercial purposes, sometimes explicitly in connection with the cycle of the commercial fairs of Champagne and Flanders: a less than three-month term for reimbursement was set in fifty-seven per cent of the loans, which hinted at the importance of merchants among the clientele¹⁵ (Table 2)
- The Piedmontese moneylenders resorted to a broad range of interest rates depending upon the trust they put in their debtor: e.g. between roughly five and thirty percent for a short-term loan (less than three months)¹⁶
- The debt registration was enforced before the town magistrate through the use of bonds called chirographs. This practice shows that Piedmontese moneylenders were keen on securing their creditor's rights even if that proved costly¹⁷

The 124 debt recognisances (whose maturity was mentioned) recorded by the Tournai aldermen, tell the tale of a credit relationship increasingly concerned with the refinancing needs of the upper strata of the middling groups: fourteen per cent, taking into account the crafts and the food and drink trades, and this figure is certainly an underestimation as we did not include the burghers without any mentioned occupation. This means that, probably, households on a median yearly income between hundred pounds parisis and 1,000 pounds parisis could have access to the loans of the Lombard lending house.¹⁸ The fact that the debt recognisance instrument took the form of a chirograph or *charte-partie*, and was written in old French (Picard, the regional version of old French) certainly made the Lombard credit popular among middling groups: this tripartite bond

15 Two reimbursement terms are set at the next fairs of Lille and Lagny in Champagne.

16 In two loan contracts concluded in 1273 with associates of the Baieni, Roero and Solaro families of the Lombard pawnshop of Tournai, one of the wealthiest families of Tournai, the A le Take family benefited from preferential interest rates of about five per cent for loans whose maturity was inferior to sixty days: fifty-two and fifty-seven days respectively (Bigwood 1921–1922, vol. 2, no. 80–81, 110). This family drew its incomes from profitable investments in the cloth trade and in the wine trade (Kusman 2012, 76).

17 On these instruments and the costs of their use, see later in this paper.

18 In October 1280, for a call to arms, the urban magistrates make a distinction between those who can afford to have a horse and enough weapons suited for fighting on horseback, owning a fortune of 1,000 pounds parisis, and those who have less than those 1,000 pounds of fortune (*vaillant*), with enough weapons, but implicitly without horse, drawing a line between the urban elite groups and the other social groups (Verriest 1905, 127). For comparison's sake, it is interesting to underline that in Arras, around the same period (1305), a capital of 300 hundred pounds parisis is deemed as mandatory to be able to access to an alderman's seat with exactly the same term (*vaillant*): Billen and Boone 2020.

was written in three exemplars: one for the debtor, one for the creditor and one for the magistrate. Chirographs were authenticated before two *voir-jurés*, (literally “see-jurors”), urban officers testifying legally that the credit transaction actually happened; this legal framework reassured both creditors and debtors.¹⁹ One estimate made by Léo Verriest, a great specialist of the legal history of Tournai in the late Middle Ages, gives a likely figure of 80,000 Tournai chirographs before the bombing of the city archives in 1940, of which “tens of thousands” would have dealt with credit matters. In Ypres, with the same chirographs being used by traders and crafts, about ninety per cent of these bonds dealt with credit for roughly the same period.²⁰

During their more than thirty years of activity (1254–1289), the Piedmontese financiers of the Tournai bank society relied on a business model that would characterise all their future credit undertakings in the Low Countries. Their society had a strong commercial character with each partner owning a fixed number of partnerships, usually expressed on a fractional basis (i.e. the fourth part, the sixteenth part...). The more broken up the partnerships were, the likelier it was for the partners to expect a high risk for their investments. The fact that around 1320, Benedetto Roero had only the sixteenth part in the *domus Lombardorum* of Leuven, in the duchy of Brabant, whereas he owned three parts out of four in its counterpart of Valenciennes in the county of Hainault, suggests the existence of a kind of risk-management from the perspective of the main partners in the banks. In Hainault, the Prince had a stake in all positive—for the creditor—outcomes of trials between Piedmontese creditors and their debtors when it came to debt litigation.²¹ When a partner left the society, all mutual debts were settled, and profits and loss were shared in proportion of each other’s partnership. At the end of the thirteenth century, the average partnership in a society amounted to probably around 1,000 pounds petits tournois. For this reason alone, it should be clear that the capital of the society had to come partly from outside investors: Piedmontese partners accepted deposits, at least since 1247 for the Low Countries

19 On the long-standing success of the chirograph as a credit instrument for middling groups, see Howell 2018.

20 Verriest 1935, 140 and 144; Howell 2018, 19–20, no. 2. The *voir-jurés* officers were remunerated in wine for their registration of the credit transactions (Billen and Kusman 2018, 57).

21 This was a favourable legal framework for Piedmontese credit dealings. In the County of Flanders, Benedetto owned the fourth and the sixth part of the banks of Aalst and Gent respectively. The duchy of Brabant was deemed by the Piedmontese financier as riskier than the neighbouring principalities of Flanders and Hainault when it came to investing his capital. (Kusman 2012, 338). Benedetto donated all his assets to Pope John XXII in 1321–1322 and had to draw up an inventory of his partnerships.

and in 1287, the widow of the count of Flanders even went so far as to become a partner of the Lombard bank of Courtrai herself, owning a more than fair share of forty-one per cent on the total profits of the de Roero-Layolo society in Courtrai²². The existence of outside investors, whether burghers or members of the nobility, speaks for the banking function of Lombard lending societies at a very early stage. Piedmontese financiers could indeed mobilise very large amounts of capital, as we shall see later. The need to attract the capital of external investors explains the emphasis that Piedmontese moneylenders put on developing strong ties with honourable families of brokers-hostellers at local level, from the onset of their credit dealings, as was the case in Tournai with the Catine family²³. In doing this, they achieved a double aim: firstly, they integrated more easily into the merchant community as quite often those brokers-hostellers were themselves former merchants and had kept their good connections with regional or international merchants. As they generally came from landlords or wealthy traders stock, these families of brokers-hostellers brought with them a good reputation, which was certainly of paramount importance to foreign ill-famed usurers such as Lombards.²⁴ Secondly, brokers-hostellers were themselves experts in monetary matters as well as in keeping current accounts with foreign merchants lodging with them.²⁵ Thirdly, Piedmontese financiers worked hand in hand with brokers-hostellers when a noble debtor proved unable to reimburse his debt. He then had to go as hostage—or substitute pledges for him—in a high-standing inn at the choice of the lenders. This practice originated in the so-called *leistinge* custom or *Einlager* custom that had feudal roots going back to the eleventh century.²⁶ This custom compelled the vassals of a lord that had guaranteed the payment of a debt to remain in an inn as hostages so long as their overlord was indebted to the Lombards. The vassals that were pledges for their overlord had to be accommodated in a high-standing inn, usually a hostel (*hospicium*) at their overlord's expense.

22 Bigwood 1921–1922, vol. 1, 344–348 (Douai in 1247); Kusman 2012, 82–83 and 114; Murray 2005, 166 (Bruges in 1457 but apparently rooted in a long-standing tradition).

23 Giacomo de Baieni and Giacomo de Layolo rented their house to a known hosteller and broker of Tournai, Bauduin Catine in the *Lormerie*, a district of the city where many leather crafts (sadlers and spur-makers) were living and working (Kusman 2012, 71, 75–76). He was also their neighbour. Catine had links with the most important families of landlords in Tournai (such as the *A le Take* lineage) and acted as a middleman for providing the Piedmontese financiers with a trustworthy clientele. I associate broker and hosteller because in daily practice, both occupations were often in the hands of the same person.

24 Todeschini 2007, 116–122 and 158–159.

25 Murray 2005, 132–133, 188–189, 202–205 and 213; Greve 1996, 4–9.

26 Kosto 2013, 130–162: at first, hostages are taken to guarantee a peace treaty between two feuding lords, then, the custom is extended to monetary agreements.

These hostel expenses could run very high, as the sojourn of pledges for the duke of Brabant in various hostels of Namur testified in 1311.²⁷

From 1290 on, the Piedmontese families Roero and de Mirabello had developed strong ties with some major broker-hostellers in medium to big-sized cities of the Low Countries and Rhineland. In Brussels, these were the Vederman and the Tserclaes. In Mechelen, the Piedmontese moneylenders held business ties with Arnould d'Oudenghem and in Köln with Heinrich Hildegher Birklin and afterwards with the Quartermatt family. All these brokers and hostellers, with no exception, were recruited among the ranks of the urban elites, and high-profile former itinerant merchants, as it was the case with the Birklin family in Köln.²⁸

The pawnbroking function was not a distinctive feature of the Tournai lending dealings.²⁹ Only fourteen sales of pawned objects, wares (among these, wheat) and horses were recorded, mainly between 1269 and 1279, which of course does not mean that all records pertaining to these sales were kept.³⁰ As said, the Piedmontese lending societies were essentially a family business: for each family partnership, two brothers and their nephews often worked together, the nephews of each family in a sort of apprenticeship-term for a couple of years before moving to another society. The daily running of the banking society lay in the hands of a so-called governor who acted as a local manager or factor. Contrary to the partners, he did not move from one society to the other, and had a small number of clerks, servants and messengers (probably one or two subordinates fulfilling all these functions) working under him.³¹

27 In 1310, the count of Namur and his brother Guy of Zeeland stood surety for the duke of Brabant for a debt of 12,000 Leuven pounds incurred by the duke of Brabant with the Piedmontese banker Manfredo de Viallo in 1305. The count of Namur sent four knights of his hostel to go as hostages for the debt in two inns of Namur. The total lodging expenses for two knights in one of these inns amounted to 135 pounds tournois for fifteen weeks. (State Archives in Namur, Charters of the counts of Namur, no. 321 [28/X/1305] and no. 412 [1310–1314]: account of the comital receiver).

28 Kusman 2012, 45–47, 182–184 (Köln), 308 (Mechelen) and 335–336 (Brussels).

29 The majority of these chirographs disappeared, but six of them were copied or edited. Of these six loan contracts, none of them mentioned the taking of a pawn in guarantee: State Archives in Mons, Papiers Léo Verriest, classeur no. 2, 1250–1268, chirograph of 10 December 1268, classeur no. 5, 1235–1305 chirographs dated 22 August 1254, 19 July 1267, 28 July 1273, 12 April 1273 and Bigwood 1921–1922, vol. 2, III., 266, chirograph dated from August 1261.

30 Bigwood 1921–1922, vol. 1, 358–359 but the fact that Bigwood does not mention that there were more of these sales, nor Verriest, both great practitioners of the Tournai chirographs in the 1920ies, suggests the unimportance of these sales.

31 Bigwood 1921–1922, vol.1, 348–349, Bordone et Spinelli 2005, 100–101 and Greilsammer 2009, 79.

A brief look at the career of Rainerio Roero, one of the many partners of the Tournai bank at the end of our period, highlights his multiple partnerships and his mobility (Table 3).

Table 3 Partnerships of Rainerio Roero (1276–before August 1320)*

Society	Number of main partners and family links	Date of mention
Tournai (kingdom of France)	Bonifacio and Tommaso de Baieni, brothers, Tommaso, Fiore and Berardo Roero for them and their brothers, Giorgio and Rainerio Roero, and Emmanuele Layolo, for him and his brothers, Giacomo and Huberto (10)	1276
Herentals (duchy of Brabant)	Manuele, Gavandino, Berardo (brother of Rainerio), Rainerio, Simone and Giovanni Roero (nephew of Rainerio), Vincenzo Trossello, Giorgio Garetti, Enrico and Uberto de Mercato and Godefrido de Leuven (11)	1292
Kortrijk (county of Flanders)	Rainerio and Simone Roero and associates (2)	1295
Maastricht (condominium Bishopric of Liège and duchy of Brabant)	Rainerio, Percevallo (son of Rainerio), Antonio (nephew of Rainerio), Omodeo (son of Rainerio) and their associates (4)	1293–1296
Gavere (county of Flanders)	Uberto Roero and his cousins, Rainerio Roero, Antonio Roero (nephew of Rainerio), Percevallo Roero (son of Rainerio), Ancelino Pavone, Bartolomeo and Guglielmo de Cuminiano, brothers (7)	1301–1303

* Thanks to the impressive survey of Lombard pawnshops in Germania Romania by Winfried Reichert, it is now relatively easy to reconstruct partnerships at least partially, for specific places: Reichert 2003 2/2, 296–297, 338–339, 384, 464–465 and 2/3, 741. Additional information is given in Kusman 2012, 79, n. 102 and 176–177.

This short glimpse at the career of Rainerio Roero shows that he and his partners kept an eye on commercial opportunities and political changes (Table 4).

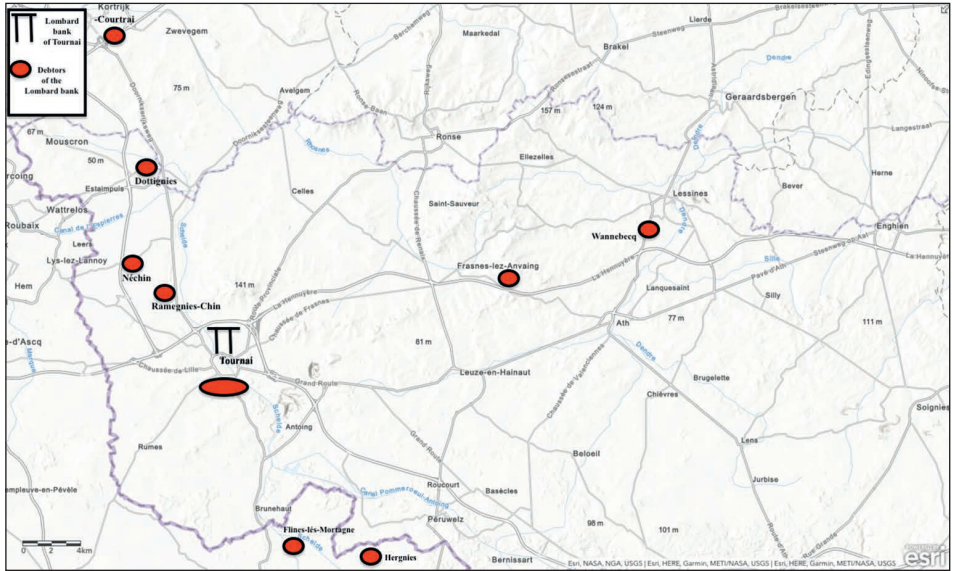
A change of scale in the commercial strategies of the Piedmontese moneylenders is clearly discernible between the end of the thirteenth century, when the clientele of the Tournai (Fig. 3) Lombard bank was within a twenty-five-km. radius of Tournai, at the most, and the first half of the fourteenth century when its Mechelen counterpart was to build up a supra regional credit network that was to evolve into a wide-reaching bank, geared towards the financing of long-distance cloth trade from Brabant to the Avignon papal court. Indeed, when we map the borrowers of both banks, the differences in the scale of the credit undertakings are noticeable. The vast majority of the Tournai bank clients were city dwellers engaged in local trade, or, at best, in regional trade, and only a tiny number of them traded at the Champagne fairs; some well-off craft members and entrepreneurs made up the rest of the middling urban clientele while the rest of

Table 4 Adjusting quickly to the economically changing situation and looking at the political factor*

Date	Trade events	Political events	Reaction
Ca 1250–1285	Growth of Tournai exports: linen cloth, Tournai stone and pivotal function of Tournai for transit trade of wood and grains from Picardy to Flanders	–	Start of the credit activities of the Piedmontese financiers in Tournai
1274	–	Publication of decree councils of Lyon in 1274: anti-usury campaign	Sale of pawns and end of loans until 1282. Change in clientele: fewer elites and more peasants
1289	Annexion of the lordship of the Bruille by the City of Tournai: end of the special status of the Lombards. Growing political integration in the kingdom of France	Growing competition with Lille. Decline of Tournai cloth industry. City finances severely burdened by the cost of the new city walls	End of credit transactions of the lending house and redeploying in Brabant and Flanders where cloth industry is thriving
1280–1282	Aardenburg becomes trade staple for foreign merchants	Urban revolts in Bruges. Wool embargoes on exports from England to Flanders (1270–1280)	Comital privilege for Lombards in Aardenburg in 1281: Bernardo Roero and Giacomo Canelli: trade, money changing and lending
1288	–	Succession war of Limburg. Victory of duke of Brabant on count of Guelders at the battle of Wörringen. Annexion of Limburg	1293 Lombards start credit activities in the lordship of Maastricht, a condominium belonging to both the bishop of Liège and the duke of Brabant, where an important ducal mint is located
1290	Brabantine cloth merchants to England at fairs of Boston and Saint-Yves and in London in growing number	Political alliance between king of England and duke of Brabant	Enrico de Mercato, Piedmontese moneylender starts his activities in Brussels. Acts as middleman for money transfers between England and Brabant and money changing

* Information from Sivery 1980; Billen and Boone 2020; Kusman 2012, 78–82, Wyffels 1966, 37–45 and Boffa 2005, 103, no. 47.

Figure 3 The clientele of the Lombard bank of Tournai (1254–1289).



the borrowers came from the urban elites—often overlapping with the traders at the Champagne fairs—with only some peasant borrowers linked as tenants to the manorial demesnes of the Mortagne family in Mortagne, southwards of Tournai and in Kortrijk. By contrast, in Mechelen, between c. 1325 and 1345, the most important partner, Gabriele de Montemagno, could rely on partners, agents and factors working for him up to Avignon, seat of the papal court at that time and almost 900 kilometres away (Fig. 4). Other important partnerships were purchased in 's-Hertogenbosch in Brabant, Köln (in partnership with the Roero) in Rhineland and Zaltbommel in the county of Guelders, to name just a few important cities where Gabriele did invest his capital. Gabriele himself took care of financial duties for the count of Guelders thanks to his associates at the Lombard bank of Avignon.³² In Mechelen, the bank provided capital for the needs of the high nobility or the city finances. It probably also provided capital for the cloth merchants of the city going to and returning from the papal court.³³ Still, the regional spe-

32 “Item den selven daghe sende mijn here Johannes van Ysendijc bi Gabriels brieven aen Lombarde, Gabriels vriende tot Avinon aen .ij.c. x. enghelsche (...)”: State Archives in Arnhem, General Receipt of Guelders, ducal account of 1342–1343. For the partnership in Köln, see Bordone 1996, 40.

33 The commercial hostel of Gabriele de Montemagno was located next to the cloth hall and near the main market place of Mechelen. It was a strategic place for the credit dealings of his society in Mechelen (Kusman 2012, 299–316).

Figure 4 The long-distance banking network of the Mechelen Lombard bank.



- Bank with partners
- Bank with partners and local borrowers or investors in Lombard bank
- Borrowers or investors in Lombard bank of Mechelen

Papal court
Avignon

Franche-Comté
Salins

0 100km

Cartographie : Quentin Pombaux-I.G.E.A.T./U.L.B. Carte inspirée de la carte figurant dans Reichert 2001, p. 125.

cialisation pattern of the Piedmontese credit persisted throughout the fourteenth century within the duchy of Brabant in cities such as Leuven or Nivelles.³⁴

Until now, we have studied the financial functions of Lombard banks from the perspective of private credit dealings. But what could be inferred from the activities of Piedmontese moneylenders in connection with the public finances? In this following part, we look at two case studies documenting this topic.

Piedmontese Financiers and Money Supply in Cities

As is well known, a distinctive feature of a modern bank lies in its ability to create money through loans and to contribute to the money supply in taking deposits.³⁵ Of course, in the late medieval Low Countries, various intermediaries such as hostellers, town moneychangers, Piedmontese and Jewish moneylenders, could, at times, be able to perform one of these or both functions. However, there was no sufficiently strong central power to ensure the permanent availability of this money supply, let alone the fact that no public bank existed before the *wisselbank* of Amsterdam in 1609.³⁶ Before the existence of such a public exchange bank, how did communities and private financiers cope with the shortage of coins in times of silver scarcity? Besides, during famine times, not only coins but simply an adequate credit supply could be of crucial importance for the town provisioning and daily commercial transactions.³⁷ It has been claimed that town moneychangers fulfilled, at least partly, through their town exchange offices, the role of municipal public banks: accepting deposits and being in charge of the public debt through the management of public annuities. They also extended loans to private individuals.³⁸ I will argue here that through their Lombard banks, Piedmontese moneylenders performed a similar function. To be able to defend this thesis, we have to

34 The Nivelles Lombard bank had a radius of action at most of twenty kilometres and its clientele came mostly from the middling groups and the urban and rural elites. The average loaned sum amounted to three pounds thirteen shillings of an old groat, still worth 165 daily wages of a skilled craftsman (Van Uytven 1987, 32–33). The same radius of action applies to the case of the Leuven bank with a strong presence of urban craftsmen, notably in the cloth-making sector and also many workers of the food and drink trades such as butchers and many peasants involved in the food supply of Leuven. The bulk of the loans was made up of consumption loans (Kusman 2012, 311 and 326–327 and Archivio Segreto Vaticano, *Collectoria* 433a, fol. 41r–v).

35 Bannock and Manser 1995, 22–23.

36 Aerts 2010, 1–3.

37 Hatcher and Bailey 2009, 138–139.

38 Aerts 2010, 10.

look first at the size of their presence in the urban network of the late medieval Low Countries. Of paramount importance indeed is the density factor of such a network of financial intermediaries. To prove my point, let us consider the example of the duchy of Brabant, occupying a central position within the late medieval southern Low Countries, and let us draw a comparison with the neighbouring county of Flanders. Around 1310, forty-five Lombard banks were operating, making the Lombard credit an ubiquitous fact. If we draw the hypothesis that the population must have numbered between 300,000 and 400,000 inhabitants, taking into account a low estimate of 300,000 inhabitants, it would have meant that for every 1,428 household units, there was at least one Lombard lending house available (Fig. 5).³⁹ This high density of credit institutions is strikingly similar to more late figures of fairs and markets density in sixteenth and seventeenth-century England or eighteenth-century France.⁴⁰ Even more stunning is the fact that, by contemporary standards on the number of inhabitants per bank branch, the medieval figures of households per Lombard banks are only slightly inferior to the average of bank per inhabitants in the EU twenty-eight member states in 2018.⁴¹

If we map the presence of Piedmontese financiers in Brabant, we observe a strong connection between the clothing industry in a given town or borough and

39 Population estimates of Brabant are based upon estimations for the beginning of the fifteenth century with an average household number of five persons: Blockmans, Pieters, Prevenier and van Schaik 1980, 43–51 and Van Uytven 2004, 234. As there was a sharp demographic decline after the Black Death crisis of 1348–1349—given that after the plague, the population of the Low Countries lost about one third—, the low estimate of 300,000 could be an underestimation of the population number in 1300, generally assumed as the peak of the population growth in medieval Europe (Van Bavel 2010, 278–280). The map is mainly based on the general census by the king of the Romans, Henri VII, in 1309 when he summoned before him, in Köln, all factors of the Lombard pawnshops in the imperial principalities of the Low Countries for a tax collection. Edition of this important document in Van Syngel and Dillo 2000, II, no. 1514a, 1283–1291. Additional mentions are to be found in Castellani 1998, 257, for a house belonging to Guelf partners (associated with Ghibelline partners) of the Solaro family in Brussels and for the Lombard bank of Landen (Ghibelline partner) in 1308: Archivio Segreto Vaticano, *Collectoria* 433a, fol. 82r–82v.

40 Braudel 1979, 33–37.

41 <https://www.ebf.eu/facts-and-figures/structure-and-economic-contribution-of-the-banking-sector/> consulted on 13 June 2020: in 2018 the average number of inhabitants per bank branch in the EU-28 reached almost 5,000. Of course, the average household unit in today's Europe is closest to four than to five as in the late Middle Ages: in 2019, 47 per cent of household had only one child and another forty percent just two children. Another thirteen per cent had three or more children and the rest had no children, resulting in an EU average of 2.3 children per household (https://ec.europa.eu/eurostat/statistics-explained/index.php/Household_composition_statistics consulted on 3 March 2021).

the presence of a local Lombard lending house. When no official market is mentioned, Piedmontese moneylenders could though still act as sellers of commodities (see Table 5).

Table 5 Ranking Brabantine towns and boroughs with Lombard banks around 1300*

City or borough	Borough without official market	Local market(s)	Cloth industry for regional market	Cloth industry for supra-regional/international market
Antwerp, Brussels, Diest, Herentals, Leuven, Mechelen, Nivelles, s ¹ -Hertogenbosch, Vilvoorde, Zoutleeuw (10)		×		×
Aarschot, Bergen-op-Zoom, Breda, Eindhoven, Helmond, Jodoigne, Tienen (7)		×	×	
Asse, Gembloux, Hannut, Hoogstraaten, Incourt, Jauche, Landen, Merchtem, Overijse, Steenbergem, Wavre, Zichem (12)		×		
Greze (1)		?		
Corroy-le-Grand, Haacht, Halen, Henripont, Itegem, Leeuw Sint Pieters, Lembeek, Lint, Meerbeek, Rumst, Son, Testelt, Veghel, Zétrud-Limay (15)	×			

* Pieces of information on the commercial functions of the mentioned towns and boroughs in Bonenfant 1962, Despy 1973, Despy 1981, Van Uytven 1992a and Van Uytven 1992b and Margue 2000.

I will advance the idea that, in contrast to the slow take-off of the Brabantine fairs cycle (Antwerp and Bergen-op-Zoom, most notably), the Lombard credit network could prove useful in providing commercial information and intermediation for traders. The Antwerp fairs seem in fact to have only been introduced between 1315 and 1325, which explains why the Tuscan merchant Francesco Pegolotti did not mention them when writing his merchant book manual but refers at length to the Flanders fairs.⁴² By contrast, the county of Flanders, an even more commercialised economy around 1300, counted reportedly only seventeen Lombard

42 Limberger 2016.

banks in activity at that time.⁴³ Given that the population figure of the Flemish principality must have been incomparably higher than its Brabantine counterpart, this is a very low figure per household compared to Brabant.⁴⁴ In this last principality, every Lombard bank was at most—and usually at half this distance—only twenty-five kilometres away from its closest partner bank; in the South of the duchy, it was even less than that average. This meant that a road journey of going, (and sometimes returning), from one Lombard bank to another could be covered by horse in a single day, which must have certainly eased the circulation of information between agents of different banks.⁴⁵ This dense banking network undoubtedly helped pool capital from associated banks when needed for a single credit undertaking, and, by analogy with the fair network, provided scale economies.⁴⁶

This explains undoubtedly why around 1293, all the Piedmontese banks of Brabant were in a position to loan the duke of Brabant John I the huge sum of 100,000 pounds tournois, a sum on a par with at least three years of annual receipts. This loan undoubtedly ranked these establishments among major actors such as the Florentine merchant-banking companies relying on bank deposits to venture into high finance.⁴⁷ Given the fact that the total partnerships in each society amounted probably on average to 2,000 pounds tournois, it would have meant that the vast majority of each pawnshop would have run out of cash or resorted to lending themselves. Their financing model relied, quite possibly, partly on out-

43 And we have to point out the fact that among these seventeen lending houses, seven were located under Imperial sovereignty: Aalst, Gavere, Herzele, Overboelare, Pamele, Viane and Zottegem with a quite high level of bank density in this region of Imperial Flanders (see Reichert 2003, 2/1, map D.I.1.A. 1301–1350 and D.I.1. 1301–1350). On the *modus operandi* of the imperial census of 1309, see Van Syngel and Dillo 2000, II, no. 1514a, 1283–1285. On the take-off of the Flemish cloth industry towards foreign markets such as the Baltic towns, Italy and England as early as the twelfth century: Van Bavel 2010, 299.

44 In 1469, the population of Flanders would have numbered 660,738 inhabitants whereas in Brabant, the population numbered 413,238 inhabitants (Blockmans, Pieters, Preve-nier and van Schaik 1980, 44–45).

45 On this common average of a day journey for trading practices since the end of the twelfth century, see for the Low Countries Jansen 1982, 162 and for England, Britnell 2006, 147.

46 Epstein 1994, 468.

47 Such as the Frescobaldi and Peruzzi: Hunt 1994 and Saporì 1947, 39–40. In 1307, the Frescobaldi issued a claim to the king of England Edouard II on their losses. Among other damages, they had to pay out all their bank deposits to their clients, amounting to a sum of 50,000 pounds sterling, a sum equivalent to at least 200,000 pounds black tournois (Spufford 1986, 209).

side deposits belonging to Robert de Nevers, son of the count of Flanders Guy de Dampierre, and, partly, on deposits belonging to rich citizens from Brabant.⁴⁸

If we dare go one step further in our hypothesis, Piedmontese banking societies could well have fulfilled the function of public exchange banks being on the same foot than other sovereign rights such as the Mint or the Jews. It is indeed remarkable that in one of the first ducal ordinances defining the scope of his general receiver with respect to the ducal incomes, in 1284, besides the ordinary incomes of the ducal demesne, the duke John I (1268–1294) mentions the incomes of the mint as well as the incomes of the Lombards and the Jews, but no incomes whatsoever derived from money changing are mentioned.⁴⁹ Still, the control of money changing shall be deemed as an expression of the princely sovereignty in the second half of the fourteenth century.⁵⁰ At a local level, between 1303 and 1307, the loan at interest and the pawnbroking is allowed to “Lombards” in several Brabantine towns (Tienen, Antwerp, Zoutleeuw and Leuven) by a set of ducal ordinances setting the weekly interest rate at two pennies a pound, resulting in a yearly interest rate of 43.3 per cent. Interestingly enough, in the case of Tienen, no charge on money changing is allowed to Piedmontese moneylenders, which, in fact, is symptomatic of common practice.⁵¹ The early regulation of Piedmontese credit (from 1284 on), as well as the ducal protection of Piedmontese moneylenders suggests that, in connection with the high density of this banking network, they could also have performed a public money-changing function.⁵²

48 Kusman 2012, 115–117.

49 Edition in Martens 1943, no. 1, 21–23 [18 IV 1284]. A late confirmation for Brussels, of the public character of the Lombard lending house is given in an ordinance of the city of Brussels in 1383, regulating usury in the city. The ordinance states that the Lombards holding a public table of loan at interest are only a matter for the ducal officers, and that they do not fall within the town’s jurisdiction: City Archives of Brussels, Ancient archives, no. 5, *Coren van Brussele*, 176–178.

50 Martens 1954, 148–150 and Uyttebrouck 1977, 234 and 250: the moneychangers had to pay an annual fee to the duke, as testified by the first ducal accounts (from 1364 onwards).

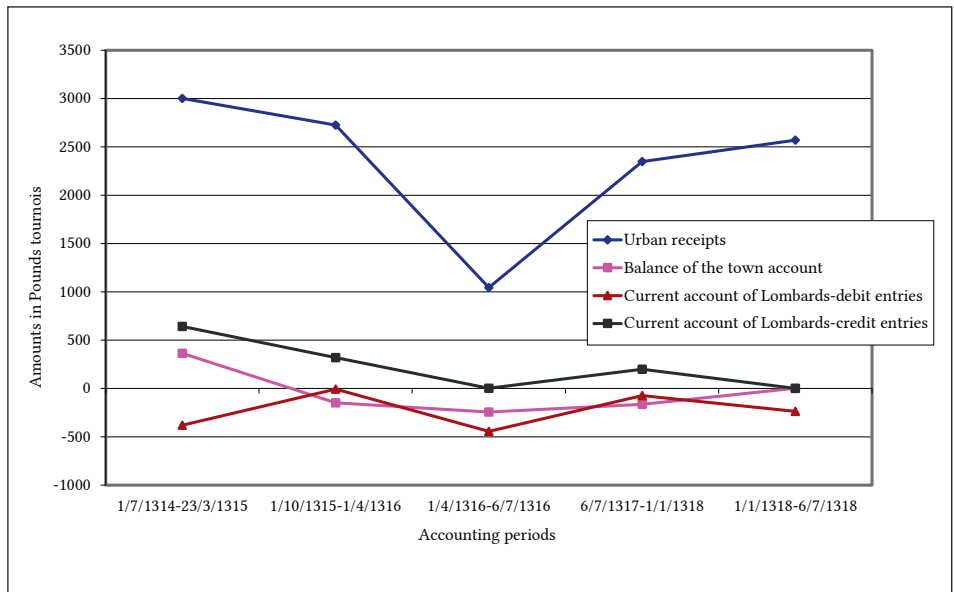
51 Kusman 2012, 237–238.

52 “Dux Brancie est in possessione, et fuerunt sui pradecessores a tempore a quo non extat memoria, tenendi, tuendi et manutenendi Lumbardos, Tuscos, Caurinos ac alios alienigenas quoscumque mercatores habitantes in Brabantia, de suis pecuniis et mercibus mercantes et contrahentes, pro certo servicio quod sibi prestant singulis annis, et suis predessoribus prestiterunt.” This affirmation of a long tradition of fiscal dues from “Lombards”, to the Prince, in exchange for his protection of these foreign merchants, is stated explicitly for the first time in legal advice given by the University of Paris to a question from the duke of Brabant and the city of Brussels on the legality of lending at interest: edited in Kusman 1995, 174–175 and 220 [13 IV 1319].

The case-study of Mons, in the county of Hainault, provides us with an example of a strong position taken by the local Lombard bank in the city finances. Mons was one of the main princely residences of the count of Hainault. The city was a small city by Brabantine standards, with a population of roughly 8,000 inhabitants, which made Mons a small town in comparison with Mechelen whose population fetched about 22,000 inhabitants or Brussels whose population must have numbered around 35,000 before the Black Death of 1348–1349. Mons economy was mainly founded on its profits from the trade in wine and furs. Furs were exported to Bruges and to the fair of the Lendit in France, and the wine was imported from Gasconne and the Rhine region: all magnates in Mons belonging to the political elites derived their wealth from the import of wine or the trade in furs⁵³.

The Lombard credit took an important position within the city finances. The study of the current account that the Lombard bank kept with the town receiver between 1314 and 1318 shows that this current account was either in credit or in debit (Fig. 6).

Figure 6 Evolution of the current account of the Mons Lombards compared with the balance of the urban incomes between 1314 and 1318 in pounds tournois.



53 Deligne 2004, 256 and 272–278.

When the city incomes slump then the advances made to the city from the de Turco de Castello family rise, as in 1316, just after the great famine of 1315, when the city incomes were barely over a thousand pounds tournois: the Piedmontese financiers loaned the city 444 pounds tournois (defined here in the chart as a debit), to compensate for the loss in incomes as opposed to the previous accounting period of 1314–1315, when the urban receipts amounted to roughly 3,000 pounds tournois. A five-fold increase in grain prices in North-Western Europe was no exceptional event.⁵⁴ The motivation for the city's borrowing to the Lombard bank had diverse grounds: public works for the extension of the city walls, salaries to be paid, paying some costly life-annuities or, as in 1316, advancing grains to the city. We have to point out here that this financing scheme was cheap if we look at the interest rates: the Piedmontese financiers charged a weekly interest rate of 0.8 per cent with, on average, a median term of payment set at ten weeks: a little less than three months, again, in line with the commercial cycles of the regional fairs in Hainault and Flanders.⁵⁵ If the Piedmontese bank of Mons played a major part in the credit supply of the city in 1316, advancing roughly forty-four per cent of the total incomes, the amount is certainly an underestimation of their total stake in the public debt of the city. In Mons, most of the excises levied on commercial commodities were farmed out to private financiers for a three-month term. Those farmers needed short-term credits to fill the gap between the date they paid the sum to the magistrate to collect the tax and the moment the first tax receipts came in their coffers. The tax collectors relying on the Piedmontese credit were in majority involved in the levying of taxes on sheep, grains, wine and the new cloths, some of the most profitable taxes in Mons. For example, the farmer of the new cloths excise, had received four pounds six shillings four pennies tournois for the accounting period of 6th July 1316 to 6th July 1317.⁵⁶ These advances to the farmers were often drowned within the total amounts of the farms paid out to the town receiver, so that it seems almost impossible to reconstruct a complete

54 We rely on the edition of Mons town accounts by Piérard 1975, I, 90–142. For the great famine, see Jordan 1996, 135 and 158. This author asserts that in 1316, the grain prices in Mons and Valenciennes had reached a very high price level and that a normal price level would be attained only in 1330 (five-fold decrease). In Brabant, in the city of Leuven, the famine is severe, with a surge in mortality and an increase in wheat prices, reaching eighteen shillings gros tournois per quarter in 1316 and returning to a normal level (nine to ten shillings gros tournois) only in 1318–1319 (Barla 2020, 164 and for the wheat prices: Royal Library of Belgium, Manuscripts section, BR. Ms. 21877 *Notae pro historia Lovaniensi ad annos 1316–1319*, fol. 247v). Miskimin 1975, 25–26, claims that there was a five-fold increase in wheat prices in Paris between May 1314 and November 1315.

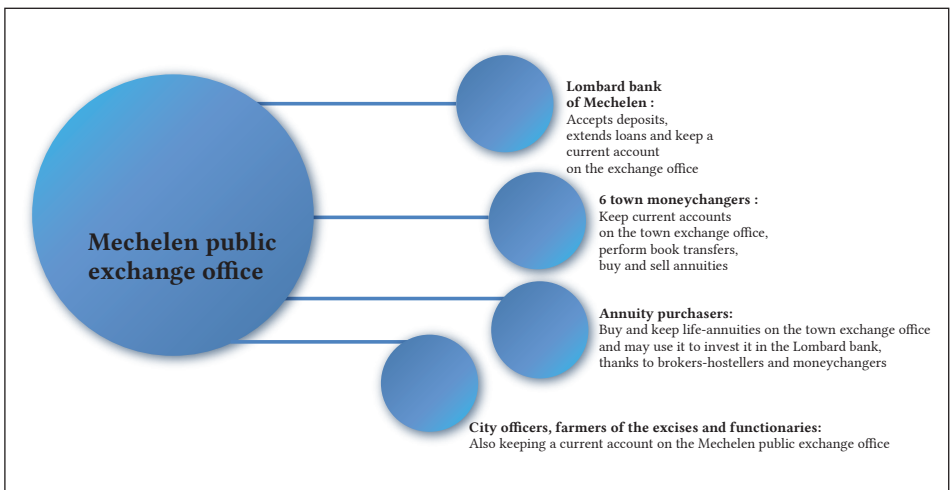
55 Kusman 2014, 330.

56 Piérard 1975, I, 122 and 126.

picture of the volume of the Piedmontese credit supply to the city finances. We lack indeed any surviving private account books of these farmers that could provide us with names of their financiers.⁵⁷

In Mechelen, the Piedmontese bank had reached a higher degree of integration in the city finances: Lombards, as they were dubbed in the city's accounts, held a specific account on the town's exchange. It allowed investors interested in credit ventures to deposit their life-annuity, or part of it, in the Lombard bank through an order given to the money changer working for them. This implied that in Mechelen, buyers of Mechelen life-annuities coming from Brussels, could use their annuity for speculative ends. However, it also allowed farmers of the excises to loan them money for farming a specific excise when they were running short of capital. We gain insight into these practices because the accounting techniques were more advanced with respect to the recording of the excises receipts as every income recorded per excise was detailed in the account (see scheme, Fig. 7).

Figure 7 The Mechelen exchange office around 1311–1314.



57 The town accounts do not specify the individual amounts paid out per excise: the receiver only draws a distinction between the total amount of the *menus membres des maletottes* (the minor excises) and the *maletotte dou vin* (the wine excise, deemed the major excise). Most of the time, it is the reimbursement made to the "Lombards" that is recorded by the receiver, as in the summer of 1317 when the magistrate paid back the loan that had been extended to the farmer of the mills excise, amounting to forty-five pounds tournois (Piérard 1975, I, 115 and 123).

The fact that it worked with book transfers between current accounts helped reduce the volume of transfers of metallic money and eased the money supply.

In a particularly striking example of book transfer, the Piedmontese financier Giovanni de Mirabello paid the city the sum of seventy-four pounds *payment*⁵⁸ due by the cloth-excite farmers on 22 June 1312. This sum was directly transferred to the account of the town receiver, creditor of the city for a debt to one of the moneychangers. The farmers reimbursed Mirabello from his advances on the same day.⁵⁹ Another feature of these financial practices increased the credit-worthiness of the excise farmers vis-à-vis the town magistrate and the enforcement of their obligations: when the Mechelen Lombards acted as sureties for the financial obligation of the private financiers that were awarded a specific excise, the farming contract was concluded before the aldermen's house.⁶⁰ A last building block in the favourable institutional framework for the credit practices of the Piedmontese moneylenders in Mechelen was their extremely competitive weekly interest rate for the loans extended to the city: at one penny per pound, their credit was even cheaper than in Mons. It resulted in a 0.4 per cent weekly interest rate.⁶¹

In 1311, the Lombard bank could provide a sizeable sum to the Mechelen magistrate: 4,600 pounds *payment* or twelve per cent of the annual incomes (37,000 pounds). If we isolate this sum in the loans made by private creditors to the city (annuity-buyers excluded) then the Piedmontese came as first creditors with ninety per cent of the advance made to the city.⁶² Their position is again probably underestimated because besides this direct loan to the city, Piedmontese financiers advanced sums to a number of excise farmers, as mentioned. The financial

58 The local—weak—currency of Mechelen (the “Paiement money”) was used for real payments whereas the vieux gros tournois was a money of account in the town accounts (Peeters 1980).

59 Giovanni de Mirabello paid the city a sum of seventy-four pounds Paiement due by the farmers on 22 June 1312 among the various incomes of the town exchange. The sum was reimbursed by the farmers to the financier on the same day among the posts related to the incomes of the cloth excise (City Archives of Mechelen, Ancient archives, Town Accounts, SR, SI no. 1, fol. 16r and fol. 69v). This was certainly not the only credit extended by de Mirabello.

60 Examples for the mills-excite when a payment of 166 £ 15 s 6 d is recorded for Giovanni de Mirabello and his partners on 26 May 1312, matching the farming contract of 1311 guaranteed by the Lombards and similarly for the finished cloths excise, with a payment to the Lombards of 282 £ 9 s recorded on 22 May 1312, related to a farming contract concluded the previous year (City Archives of Mechelen, Ancient archives, Town Accounts, SR, SI no. 1, fol. 18r, 25r and 206r).

61 City Archives of Mechelen, Ancient archives, Town Accounts, SR, SI no. 1, fol. 155v.

62 Kusman 2012, 278–295.

backing of several excise farmers by foreign businessmen is worth noticing. It shows that the Piedmontese moneylenders were more successful in Brabant and Hainault than their counterparts were in Flanders in taking a stake—albeit indirectly—in the profitable market of the town excises farms that made up seventy-five to eighty per cent of the total urban incomes.⁶³

The place taken by the Lombard banks in the city finances of Mechelen and Mons shows that these lending houses could play a pivotal role in the money supply and, certainly, in the credit supply of cities of very different size in the Late Medieval Low Countries. We have seen that in Mechelen, credit money circulated smoothly between various financial intermediaries. As is well known, the question revolving around credit money as a form of money supply remains open to debate because for the so-called monetarists, the circulating credit money had to be ultimately supported by a sufficient volume of coined money⁶⁴. This could only be answered with certainty if we were able to rely on precise numbers with respect to the volume of mint output as in the case of the kingdom of Valencia around 1300 or in England.⁶⁵ This is alas not the case prior to the last quarter of the fourteenth century. This being said, it is difficult to obliterate from this argument the massive mint outputs of the Low Countries, and most notably from Brabant and Flanders around the 1290ties: under the duke of Brabant John I and the count of Flanders Guy de Dampierre about 90,000 pounds of sterling (imitations of sterling pennies dubbed in England crockards and pollards) were struck in their princely workshops and began circulating in England. This resulted in a massive inflow of English silver in the Low Countries in the same territorial states where these coins had been struck.⁶⁶ We also have to underline that the argument of Nightingale in favour of the importance of a sufficient coin supply is partly based upon her belief that as credit instruments could not circulate in England, they could not be counted as part of the money supply.⁶⁷ This is a disputable argument for the Low Countries. Moreover, we have seen how payments performed between current accounts could play a role of paper money.⁶⁸

63 At least with regard to the city of Ghent where the little milieu of the excise farmers was totally closed to Italian merchant bankers even when these were acting as sureties (Boone 2016).

64 Nightingale 2004, 68 vs. Bolton 2012, 280–282.

65 Furio and Garcia Marsilla 2014, 520.

66 Bolton 2012, 160–161.

67 Nightingale 2004, 55.

68 Not only credit could circulate as money: see also the interesting position of Lord Smail 2018, 101, who argues that “in certain circumstances, commodities could be made to circulate efficiently as a form of commodity money”.

Concluding Remarks

The Lombard credit was by no means a credit for the poor. Instead, the involvement of Piedmontese moneylenders at a very early stage with fairs and trade cycles shows that their emphasis was rather on the credit supply of a very wide cross section of the urban society, going from the middling groups to the courtiers and, at the top, the Prince. The incredibly high density of their lending houses network around 1310 in Brabant demonstrates that Piedmontese moneylenders had achieved a kind of “universal bank”, very different than the one proposed by de Roover when he studied Lombards in Bruges. The variety of their financial activities, ranging from lending to money changing, banking and high finance has to be underlined as has to be reconsidered the so-called usurious rates of their credit undertakings. If we accept that their average term for loans was inferior to three months then it is clear that their interest rates have indeed to be considered anew on a weekly basis, in fact, as implied by their license to lend at interest. Just as the moneychangers, they could play a pivotal role of financial intermediaries in the capital markets by pooling important funds in the town exchanges. This means that “Lombards” ought to be looked at as public credit actors rather than simply private credit actors as it had been done in the past. The importance of their deposit banking function explains their emphasis on having good ties with brokers-hostellers since the beginning of their activities in Tournai.

Their role in credit supply and, possibly, in money supply is undisputable as shown by their role played in the city finances of Mons and Mechelen. In time of famine, they could help the city alleviate the shock of finding new networks of provisioning by providing capital on a short-term basis.⁶⁹ Their supra-regional credit networks were decisive in overcoming such situations as the famine of 1315–1316. The involvement of Piedmontese moneylenders with indirect taxation through their loans to some of the private financiers that farmed out excises demonstrates finally how instrumental they were for the growth of public finance in the Low Countries cities.

69 On the role of financial intermediaries such as the Jewish lenders to alleviate aggregate shocks, see the remarkable paper of Botticini 2000, 173.

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