

*Private Monetary Institutions in Aleksinac between the Two World Wars*

*Summary*

The desire for economic independence and progress had affected the Kingdom of Serbia to encourage the development of domestic private monetary institutions. Therefore, during the last two decades of the nineteenth century financial institutions arosed throughout the country, with the aim to provide affordable credit to stimulate production and trade primarily to its shareholders, and then to the other clients. One of the offices that were established soon after the establishment of the issuing institution was Aleksinac Savings Bank, founded in 1888. Other Monetary institution, Aleksinac Co-operative was founded in 1908, at the height of the Austro-Hungarian Customs War, when the domestic capital became even more indispensable for survival of the Serbian economy and the needs of the society. The business of both financial institutions until the First World War was stable, and Aleksinac Savings Bank started building a power plant in order to meet the needs of the town electricity supply.

The Balkan wars reduced the possibility for normal banking operations, and the First World War in 1915 fully suspended all aspects of the business. Except that they didn't work, the banks suffered material damage too, while the post-war work began only in mid-1920. In the post-war social and economic conditions, existing bank capital had become insufficient, so in the coming years it was increased several times, until it reached the amount of 1 million dinars. With this amount of fixed capital Banks (Aleksinac Co-operative changed its name into Aleksinac Bank in 1921) aligned themselves with small banks, which were the most often in Serbia.

Nonetheless, thanks to the multiple higher values of the savings deposits, banks were able to meet the demands of their customers and to afford the appropriate dividend to their shareholders. Favorable conditions for banks influenced the establishment of the Third Monetary Institution - Economic Bank in Aleksinc in 1926.

The outbreak of the world economic crisis interrupted every aspect of normal doing business and disabled further development of monetary institutions. Protection of the essential social class in the Kingdom of Yugoslavia, the peasantry, meant the sacrifice of private financial institutions. As the largest number of the bank clients in Aleksinac came from the rural class, all three banks became insolvent and were forced to put themselves under the protection, so that their jobs were reduced to the payment of old savings deposits. Inability of any types of operations of these banks led to their liquidation during the Second World War.