'Ethnic Minority Groups in International Banking: Greek Diaspora Banks of Constantinople and Ottoman State Finances, c.1840-1881'

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ABSTRACT

This paper analyses the organizational makeup and financial techniques of Greek Diaspora banking during its golden era in Constantinople, circa 1840-1881. It is argued that this small group of bankers had a flexible style of business organization which included informal operations. Well embedded into the network of international high finance, these bankers facilitated the integration of Constantinople into the Western European capital markets -during the early days of Western financial presence in the Ottoman Empire- by developing an ingenious for the standards of the time and place method for the internationalization of the financial instruments of the Internal Ottoman Public Debt.

'Ethnic Minority Groups in International Banking: Greek Diaspora Banks of Constantinople and Ottoman State Finances, c.1840-1881' [1]

Greek Diaspora bankers are among the lesser known ethnic minority groups in the history of international finance. Tight knit but cosmopolitan, Greek Diaspora banking sprang within the international mercantile community of Diaspora Greeks which was based outside Greece and specialized in the long distance trade in staples. By the first half of the nineteenth century it operated an advanced network of financial transactions spreading from Odessa, Constantinople, Smyrna, and Alexandria in the East to Leghorn, Marseilles, Paris, and London in the West.[2] More specifically, circa 1840-1881, in Constantinople, Greek Diaspora bankers[3] attained an elite status within the local community through their specialization in the financing of the Ottoman Public Debt.

The evolution of Greek banking in Constantinople was first researched in the 1980s. The contribution of this paper is that it analyses the organizational framework of this small group of bankers and re-appraises their financial techniques.[4] This has been made possible because of the recently republished *Memoirs* of Andreas Syngros which regardless of its imprecisions is an invaluable tool for the understanding of Greek Diaspora banking in Constantinople at the time.[5] The central arguments are that:

1. The peak of Greek Diaspora banking in Constantinople can be divided into two phases. That during which local banking was almost exclusively identified with Greek banking in the city. This phase lasted up to the creation of the Banque Impériale Ottomane by Anglo-French banking interests in 1863. Thereafter and up to 1881, although Greek banking continued to increase its wealth, its dominance was gradually curtailed, as Western banking gradually developed into the sole significant factor in the local banking economy and in the process whereby Constantinople became incorporated into the expanding nexus of international finance.

2. The peak years of Greek banking in Constantinople coincided with a time of transition in the Ottoman Empire as proper banking was in its early stages of development. Greek bankers combined a familiarity, with institutionalized bribery, local financial practices as well as the more formal banking rules of the West. Moreover, they became engulfed in a larger whole- the nineteenth century 'social web' of high finance. It was

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precisely their position in this international financial network that explains their dominant role within the Constantinople banking community and their function as intermediaries, bringing closer two rather still unknown to one another worlds. In the procedure of facilitating the integration of Constantinople into the fastly expanding Western capital markets, they attained pecuniary advantages from the yet loose Western supervision over Ottoman finances, and the highly assymetric information which existed at the time between the so-called Western world of 'rational capitalism' and the 'political capitalism' of the Eastern Mediterranean.

3. The organizational framework, of the Greek Diaspora bankers of Constantinople was flexible. They operated both within the framework of a firm and at the same time as privateers with outside collaborations. This suggests that a large part of their business involved speculative deals some of which were informal and or illicit operations that could not be easily contained within the constraints of a firm.

4. An important innovative feature distinguishing the Greek Diaspora bankers vis a vis the local *sarrafs* (moneychangers) was that they 'internationalized ' the paper of the Internal Ottoman Public Debt. This function drew them into a tight dependence on Western bankers and a near exclusive involvement in the provision of short term advances to the Ottoman Treasury. Three phases can be discerned regarding the evolution of their financial techniques employed for the internationalization of the Internal Ottoman Public Debt. At first (c.1840-1867), the inner core of the Greek elite, through the international Greek mercantile Diaspora network -and its long experience in the discounting of commercial bills of exchange- marketed and exported to the West paper of the internal Ottoman Public Debt. During the second phase (1868- 1871), a group of newcomers improvised the so called 'Mandat Method'(see Section V). A prominent member of this group was Andreas Syngros without whose *Memoirs* this paper could not have been written. The third phase (1872-1881) was marked by abandonment of the 'Mandat Method' and the adoption by the newcomers of the pre 1868 more conventional methods of the inner core regarding the internationalization of the Ottoman Debt.

Within the context of the literature on the evolution of international finance, this case study sheds new light on the interaction between Western and Greek Diaspora financiers and their meeting in what can be described as a grey area where risky non conventional

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financial methods were practised by the Greeks with the silent consent of the Westerners. It also supports the argument that multiple network arrangements were involved in the nineteenth century transfer of funds from the capital rich Western European economy to the capital poor Eastern Mediterranean.

This paper is organized as follows: Section II follows the rise and assimilation of the inner core of Greek bankers in Constantinople. Emphasis is laid on their organizational framework and their response to the gradual infiltration of Western banking interests in Constantinople. Section III analyses the financial techniques of the inner core. Sections IV and V examine the widening of the Greek banking circle and the adoption of the novel 'Mandat Method' by the newcomers. The interlinkages among the inner core group, the newcomers and Western financial institutions are delineated. Section VI sketches the final years of the peak of Greek banking in Constantinople and the partial transition of Greek bankers from partnerships to the Société Anonyme type of banking firm. Section VII surveys the main findings.

II

Over the centuries the financial community of Constantinople consisted of money lenders and brokers, who functioned as 'bankers without banks'. These so called *sarrafs* were based in the Galata neighborhood, the financial heartland of the Ottoman Empire since the fifteenth century.[6] Within the context of the ethnic division of labour in the Ottoman Empire, the *sarrafs* were drawn from the local non-muslim minority groups: the Jews, Armenians, Greeks and some Levantines. In the fifteenth and sixteenth centuries the Jews and the Greeks were the predominant element. In the seventeenth century the Greeks retained their second rank position among the *sarrafs*, and as the Jewish presence receded the Armenians became the leading ethnic component. However, by the 1840s - by which point foreign trade embarked on a rapid expansion and banking 'in the modern meaning of the word' is considered to have first appeared in Constantinople- the Greeks as a group became the more prominent through their dynamic presence in 'the opening up' of the Ottoman Empire to Western European finance.[7]

In the 1840s among the first known bankers to appear within the plethora of local money lenders, there was one Jew- Isaac Camondo, [8] a French Levantine J.Alléon, and

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some eleven Greeks, whose dominant position within Constantinople lasted about forty years. These were George Zarifis, George Zafiropoulos, Emmanouel and Theodore Baltazzis, Stephanos Rallis, Christakis Zographos, D. Glavanys, Stephanos Mavrocordatos, B. Tubini , Z. Stephanovik-Skylitsis, and (Tz)Ioannis Psycharis.[9] Within this group of thirteen bankers, Isaac Camondo was probably the richest and by 1870 he had moved his headquarters to Paris, where he claimed fame as "a second rank Paris *haute banquier*". [10]

All eleven Greek bankers had a merchant background. With the exception of the Baltazzis they had a personal experience in the rapidly expanding foreign trade of the Ottoman Empire. Diversification from the long distance trade into finance came almost effortlessly. [11] For Greek Diaspora merchants in the Ottoman Empire had a long tradition of making bets in futures; dealing in the selling and buying of bills of exchange; and speculating in international currencies. Moreover, these Greek bankers, (except Psycharis and Zographos), belonged to mostly interrelated Diaspora mercantile dynasties whose Merchant Houses would operate as 'internal banks'; their international branches working with capital provided by the head office. [12]

The gift of privileged origins was combined with high connections East and West. For example, Theodore Baltazzis was close to the prominent statesman and reformer Mustafa Reshid Pasha, Christakis Zographos was personal banker to Sultan Murad V, and George Zarifis was personal banker to the Sultan Abdul Hamid. Moreover, Zarifis and the Baltazzis were well known in the banking circles of Paris, Marseilles and London.[13] Indeed, in 1848 a relation and collaborator to Theodore Baltazzis, the Greek merchant banker of Marseilles, Demetrius Baltazzis became a member of the governing board of the Comptoir National d'Escompte. [14]

The eleven Greek Diaspora bankers established in the 1840s , if not earlier,[15] private banking firms which were general or limited partnerships. They specialized in the financing of the internal Ottoman Public Debt and that at least up to the early 1880s, all survived in the volatile market of Constantinople. The one exception was the firm I.Psycharis & Son which went bankrupt in 1860/61.[16] Moreover, these private banking firms had correspondents in the provinces of the Ottoman Empire and access to the European financial markets through their foreign branches, or a loose affiliation (usually

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through family ties) to leading Greek Diaspora Banks/Merchant Houses based in Western Europe, as was the case with the firms of St. Rallis, St. Mavrocordatos et Cie, Z. Stephanovik-Skylitsis,and Zarifis & Zafiropoulos. [17]

In accordance with the business practice of the international Greek Diaspora at the time, a significant part of the activities of the Greek bankers of Constantinople involved informal contracts outside the framework of the firm, built on the economic mechanism of 'trust and reputation', secrecy, and personal honor. [18] It was also the case that these bankers, while jealously guarding their private banking firms -in their original form as partnerships- would also as 'privateers' participate in the setting up of new banks, all of which had a near exclusive involvement in Ottoman state finances, and some of which had the shape of Société Anonyme firms.

In specific, E. Baltazzis, Psycharis, Glavanys, Zarifis, and Tubini were involved in the founding of what are considered as the first three proper banking firms in the Ottoman Empire: The Banque de Constantinople (1847), the Banque Ottomane (1853), and the Union Financière(1860). The primary purpose of these banks, which were founded under the auspices of the Ottoman state, was the stabilization of the exchange rate of the Ottoman paper currency –and specifically the curtailment of the interest bearing paper money *(kaime*), the circulation of which had taken large proportions since they were first issued in 1840. All three banks were shortlived ventures that failed largely due to their inadequate financial backing. [19]

Under the culminating pressure of financial insolvency following the Mires crisis of 1861, the state turned Westward as it became obvious that one more Greek 'financial rationalization experiment' would be doomed to failure. Thus, in 1863 the Banque Impériale Ottomane (BIO) was founded in Constantinople by the London based Ottoman Bank (created in 1856), the Crédit Mobilier, the Comptoir National d'Escompte, the Péreire Brothers and other French financial interests. Although effectively managed from London and Paris, the BIO acted as a quasi-central bank and agent of reform of the Ottoman State.[20] Perhaps the 'most powerful European financial institution operating in the non-Western world' the BIO became intimately involved in most of the foreign loan floatations of the State starting with the foreign loan of 1862 raised specifically for the withdrawal of the *kaime* paper currency.[21]

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The timing of the creation of the BIO was not coincidental. In the aftermath of the Crimean War and the 'promises of Western-style reform' incorporated in the Imperial Decree of 1856, the Ottoman Empire began to appear in Western eyes as a 'new California'. This factor in combination with the large 'surplus' capital available at the time in Western Europe for investment abroad led to an abrupt rise in Foreign Direct Investment, a large part of which was directed towards banking.[22]

With the founding of the BIO, Greek banking may have lost in one blow its 'near monopolistic position' in the local market, but simultaneously new opportunities arose for it.[23] Although there was no Greek participation in the capital of the BIO, the eminent Greek banker George Zarifis was on its board, and it developed tight connections with the influential Rallis family.[24] Moreover, the BIO provided the Greek banks with short term foreign credit (see Section III). In addition, the BIO sought the collaboration of Greek bankers in the setting up of the Société Générale de l'Empire Ottoman in 1864. In specific, George Zarifis was appointed as the president of this new bank, through which the BIO was able to handle indirectly the provision of short term advances to the Ottoman state, as it was not approved by its statutes. Moreover, St. Rallis and Z.Stephanovik were on its board and Ch.Zographos played an active part in its management [25] Four years later, in 1868, the Société Générale de Paris, took the opportunity -in view of the financial difficulties at the time of its rival the Crédit Mobiler- to make inroads in Constantinople by founding with the Catholic Chiot B.Tubini a local subsidiary, the Crédit Général Ottoman.

In sum, in the 1840s a small group of Greek Diaspora bankers acquired an elite position within Constantinople for some forty years. Pursuing a strategy of continuity and change, its members maintained throughout their original (partnership) banking firms, while participating over the years in the formation of the Société Anonyme banks initiated with the appearance of western financial interests in Constantinople. In this respect, they were also in tune with the developments within the wider Greek Diaspora banking community, its most eminent members setting up –from the 1870s- some large joint-stock-banks in important financial centers outside the Ottoman Empire.[26]

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III

Moving from the organizational framework of the Greek bankers of Constantinople to their financial techniques, the question that emerges is what was their main attribute and how they differentiated themselves from the large *sarrafs*? The *sarrafs* undertook in main four types of activities: First, they financed international trade and through the use of 'dummy' bills of exchange they created credit.[27] Second, from the 1760s onwards they would organize for the Sultans the in the West short term 'personal' loans. Third, through their international networks they would secure foreign funds by drawing their own commercial bills of Exchange on a Merchant House/ Bank in Western Europe; and from the eighteenth century onwards also through the local operation of financial networks of western European (largely French) traders in commercial bills of exchange.[28] Fourth, they were involved in the purchase and selling of foreign exchange and speculated in futures transactions in gold and the *kaime* paper money.[29] Fifth, their operations included the provision of short term credit to the government. Sixth, they discounted *sergi* and *havale.* (The *sergi* were notes of indebtedness issued by the ministry of military affairs and other government departments. The *havale* were the assignment of future revenues by means of promissory notes issued by the authorities of the distant provinces on an *ad hoc* basis as they were under no budgetary control).[30] Through the discounting of such receivables, the *sarrafs* would entangle themselves in the highly profitable farming of the taxes *(tithes)* for a specific province for three to ten years.[31]

Greek bankers engaged in the last three types of activities and in this respect they were no more than glorified large scale- *sarrafs.*[32] However, simultaneously in some ways they more advanced specimens of financiers and they played a key part in the Western financial penetration into Constantinople; a process that took two forms: the floating of foreign loans for the Ottoman state and the setting up of banks locally.

The expansion of the Ottoman Foreign Public Debt, as a result of the ever increasing budget deficits, attained massive dimensions between the first long term foreign loan of 1854 and the default of 1875.[33] The involvement of the Greek bankers was rather 'indirect'. On the one hand, they were shareholders in the 'local' Société Anonyme banks that participated in the floatation of some of these loans. On the other, they acted as intermediators between the Ottoman state and the foreign underwriters. Intermediation

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between the purchasers of the Ottoman bonds and the Ottoman state, was a profitable business; earning for the Greek bankers a commission amounting 'to between ten and twelve percent of the sums actually gathered'. [34]

More significantly, the Greek Bankers differentiated themselves in scope from the *sarrafs*, in that the provision of short term advances to the Ottoman Treasury became their main activity. This they organised in a more structured/sophisticated way. By internationalising -exporting and marketing abroad- the financial instruments (paper) of the Internal Debt, the funds they made available for the financing of the 'ever expanding' Ottoman Internal Public Debt were far larger in scale than ever before. [35] The details were as follows:

The Greek bankers borrowed abroad from Western bankers three month credits at three to five per cent, (namely at slightly above the market rate in Western Europe) in order that they could in turn provide short term advances to the Ottoman Treasury at a nominal interest rate of eleven to eighteen percent. The Treasury in return would usually offer as security either three-monthly government bills of exchange, or *sergis and havale*. [36] (This was not a direct payment as often this type of 'paper' was replaced by fresh 'paper' of this kind.) The bankers did not hold on to these 'forms of deferred payment', but neither did they use this paper to get involved extensively in tax farming (as had been the usual case with the larger *sarrafs).* Instead, being more internationalised, they transferred these papers abroad, offering them as a security; in this manner securing additional financial means to renew their cycle of short term lending to the permanently cash strung Ottoman government. [37]

In specific, the Greek bankers of Constantinople would draw –on the basis of these guarantees- a three to six month bill of exchange on a branch of their firm or of an affiliated Greek Diaspora Merchant House/Bank in Marseille or in London. The latter would hold on the Ottoman Internal Public Debt 'paper' usually until maturity. However, sometimes it would endorse them and pass them on to be discounted by the Crédit Lyonnais or the Banque de France, the Comptoir National d'Escompte, Bischoffsheim et Goldschmidt, and Oppenheim[38] (and probably other such large institutions) which would then directly negotiate the payment of this 'Internal Debt paper' with the Porte. Occasionally as in 1860

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(when the floating debt had reached four million pounds sterling) the markets in London, Paris and Marseilles were inundated with Ottoman 'paper' and the Sultan could not pay, leading to a crisis within the circle of affairs of Western-Ottoman banking.[39] From 1863 onwards, with the creation of the BIO, the Greek bankers could also draw some short term funds (albeit at a higher rate of interest) directly from the BIO.

To recapitulate, the Greek bankers of Constantinople distinguished themselves in financial intermediation. Their main 'contribution' from the view point of financial techniques was that they internationalised the paper of the Internal Ottoman Public Debt. (The word contribution is in quotations, because this mechanism had a dark side: it enhanced even further the size of the Public Debt and thus indirectly increased the Ottoman Empire's dependence on its foreign creditors). This financial activity was to become even more risky and cunningly ingenious with the rise of a small group of newcomer Greek bankers in the late 1860s.

IV

The inner core of Greek Diaspora banking in Constantinople was widened abruptly between 1867-1870 to include six newcomers who had made substantial profits from the exceptional circumstances in foreign trade during the Crimean and US Civil War.[40] These were: A.Syngros; S. Skouloudes; A.Vlastos; G.Koronios;. P.M. Klados; and P. Kamaras. They were a varied group. Syngros and the last three were not born into privilege. Whereas Skouloudes and Vlastos, were members of well established Greek Diaspora merchant dynasties; Vlastos at the time being already a director of the Société Générale de l'Empire Ottoman.[41]

The formal debut of the newcomers in banking was in December 1867 when the first four set up the Financial Brokerage House 'Syngros, Koronios and Partners'. Nine months later, the rival 'Kamaras Klados and Bros' was founded. Both Brokerage Houses were limited partnerships of roughly the same size, and as was the case with the private banking firms of the inner core Greek bankers, they had as their main objective the provision of short term advances to the Ottoman Treasury and the discounting of Ottoman Government 'paper'.[42] Their meteoric rise within the Greek banking elite was the result of their

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introduction of a novel risky financial technique, the so-called 'Mandat Method' (See Section V).

Both firms enjoyed the support of members of the inner circle who without risking their fortunes or their public image as 'conservative bankers' and good name vis a vis the Ottoman Treasury, benefited indirectly from the 'Mandat Method'. As individuals or through their private banking firms they would allocate large sums to the newcomers in order to play for them the 'Mandat Game', granting them in return a 1/8% commission.[43] Moreover, some members of the inner circle were limited liability partners in these two new Financial Brokerage Houses. At the time, it was a general practice among well established members of the international mercantile Greek Diaspora, to expand their activities by participating as limited liability partners in the partnerships of uprising entrepreneurs.[44]

Andreas Syngros appears to have been the trend setter among the newcomers. Starting off as an apprentice accountant, at the age of twenty one, he became a partner in 'E. Vouros and Partners', one of the largest Merchant Houses in Constantinople. He cultivated close connections with Ottoman high officials, such as Sadik Pasha, minister of finance who became a close personal friend.[45] The entrepreneurial path of Andreas Syngros suggests that within this newcomer group an important feature was the parallel combination of formal partnerships and informal free-lance deals, often of a *commenda* or an *inan* type.[46]

Some of the informal ventures were with Western European bankers. Syngros describes two such lucrative cases. The first was in 1862, while on a trip to Paris, Herman Oppenheim (the near exclusive foreign loan contractor of the Egyptian state and royal family) [47] introduced Syngros to a venture which produced an exorbitant profit with no capital investment. He guaranteed 500,000 francs for a loan the firm of Bischoffsheim et Goldschmidt was at the moment advancing with Martin Aliberti to Mustapha Fazil, the Khedive Ismail's brother. Without even actually supplying any funds Syngros made a quick profit of 100,000 francs. [48] Regarding the second deal, Syngros vaguely claims that through the personal relationship he established in 1870 with Henry Bischoffsheim, he was able to profit from participating in the 'various financial combinations/tricks' set up regarding the public floatations of the Paris based firm of Bischoffsheim et Goldschmidt for the funding

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of USA railways and Latin American states.[49] We are told that these speculative deals with Herman Oppenheim and Henry Bischoffsheim were 'simply gestures of friendship' presumably in return for favours in the area of Ottoman finances in which they had became well known actors already through their participation in the Société Générale de l' Empire Ottoman. It would be naïve to assume that only Syngros succeeded in striking such informal speculative deals with these two bankers as five members of the inner core were among the founders of the Société Générale de l' Empire Ottoman. Thus, the above two examples offered by Syngros are of wider significance, suggesting an extensive formation of informal ties of the Greek banking Diaspora with important Western bankers; a development which was to be all important for the successful operation of the 'Mandat Method'.

V*

The 'Mandat Method' lasted up to July 1870 when the Franco-Prussian War broke out. It was more complex than the rather straightforward method of internationalization of the Ottoman internal debt employed by the inner core. Times had changed as a result of the introduction of the foreign bonds of the Ottoman Public Debt on the stock exchanges of London and Paris after 1865- and this was an opportunity the newcomers grabbed. This method which Syngros claims to have invented was organized as follows: The newcomer Financial Brokerage House provided much needed cash to the Ottoman state through discounting the *havale* promissory notes at sixty to seventy percent of their value. In exchange for this service the House received from the Porte at a high discount higher grade bonds of the Ottoman External Public Debt, which because they were External (and were well guaranteed), they had a higher credit rating. Specifically, these were the bonds of the 1865 Consolidé loan–made available through the personal portfolio of the Sultan Abd-Ul-Aziz- and the unsold bonds of the 1869 Pinard. (Interlinkages were an important facet of these operations: the Pinard loan was contracted with the Comptoir National d'Escompte which allocated part of it to the Société Générale de l'Empire Ottomane in which Vlastos – a hidden partner of Syngros' financial brokerage firm – was a director at the time.) [50]

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* I owe some of the comments of this section to Evangelos Mageirou, Athens University of Economics.

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The newcomer Financial Brokerage House would then proceed to either pledge these Ottoman foreign bonds in Paris and London, or place them in the respective stock exchanges in order to raise cheap short term loans which were then used to discount mandats. The mandats were five, six, nine monthly treasury bills issued by the Ottoman state to be paid in London, by the branch of the Banque Impériale Ottomane– not at their specific maturity dates, but whenever the latter had funds. The House received from the Turkish state for the mandats it discounted an interest rate of twelve percent per annum and eventually as the financial situation became tighter eighteen percent. [51] Thus, through this method, the House profited from an interest rate differential, while investing insignificant amounts of its own capital.

Had this capital regeneration procedure increased at every cycle, it would have led to an unlimited exposure. However, as Western creditors required larger margins (than those obtained by the Ottoman state), there was in actuality a significant but finite expansion (specifically equal to $1/(1-m_O/m_E)$ of the initial capital - where m_O is the margin required for the Ottoman state and m_E the margin required by the bankers in Europe. Usually, the high grade foreign bonds deposited as security with the foreign creditors would enable the newcomer bankers to borrow a sum equal to ten or fifteen per cent below their market price and thus they would place a multiple of the original amount of their initial capital). Although Syngros described this method as the modernizing feature distinguishing the new Greek elite from the 'conservative' inner core Greek bankers, he confessed that " we were no more than bloody usurers posing as bankers". And correctly so as they were able to exploit to their advantage market imperfections, asymmetric information and the large cultural gap separating the 'rational capitalist' western bankers and the 'irrational' (from an economic but not political viewpoint) Ottoman state machinery. [52]

Pointedly, all the other parties involved in Ottoman state finances benefited from this process also. The inner core Greeks, the BIO and Western financiers made profits, whereas the Ottoman State was able to expand and even reproduce through a foreign branch of the BIO part of its floating debt on foreign soil (and specifically within the heartland of nineteenth century high finance, the City of London itself).Let it be reminded here that the newcomer Houses, for a commission, would discount mandats on behalf of

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inner core bankers for their pecuniary benefit. Moreover, the newcomer houses would also in return for a commission transfer some Treasury mandats to the Crédit Lyonnais –and maybe others- which then discounted them.

The clue to the willingness of the newcomers to take the risk of engaging large amounts in this capital regeneration procedure was the high profits involved and the prospect of joining the elite ranks of banking in Constantinople. [53] However, it is questionable whether the newcomer Greeks would have succeeded had their extensive networks within the inner core and Western banking, not allowed them, on the one hand to physically transport bonds across long distances during an era in which capital mobility was not that easy, and on the other, to engage regularly in arbitrage activities which were attractive, there being differences in the price of the Ottoman bonds in Paris and London.

The profitable set up of the 'Mandat Method' did not last forever. Apparently, *ex ante* the newcomer bankers were not aware of the large quantified risk involved and they discounted it. However, at least *ex post*, the newcomer Syngros admitted to the folly of the 'Mandat Method' and along with Skouloudes stressed the need for the rationalization of Ottoman finances.[54] The 'Mandat Method' was riskless so long as there was no drop in the price of Ottoman bonds of the Foreign Public Debt. But, with the outbreak of the Franco-Prussian War of 1870, their was a precipitous fall in their price and the holders in Paris of the collateral of the newcomer financial brokerage houses panicked and started selling them. Syngros feared that the French would be on the losing side and that the Ottoman bonds he had placed as collateral (for the twenty million francs short term loans concluded in order to discount the mandats) would indeed be worthless in case they remained in the Paris exchange. He purchased the bonds himself and found –through Edwards a Levantine doctor turned financier based in Constantinople- the necessary financing with the same bonds as collateral but with a loan to be repaid in the London exchange, where the price of the bonds had not deteriorated so much. According to Syngros, two Ottoman officials -with the intervention of G.Zarifis- managed to obtain a permit to enter the besieged city of Paris and to physically transfer the bonds to London. Syngros then moved to London, where Bishoffsheim provided him with the required funds to refinance his exposure. The crisis brought about by the Franco-Prussian War, unveiled the high risks involved in the Mandat Method. Clearly, the financial brokerage house of Syngros and the rival 'Kamaras Klados

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and Bros' managed to timely disengage themselves and by 1871, the 'Mandat Method' was a thing of the past.[55]

However, even if the newcomers had not faced this crisis, the hypothesis can be advanced that this method would have been deserted anyway. First, by 1875/6 the pressure of the foreign creditors for a rationalization of the internal floating debt became intense. Second, the liquidation by the newcomers of their two financial brokerage houses and their immediate replacement with two Société Anonyme banks coincided with their desertion of the new method. This allows us to argue that the new more formal framework-which became more or less necessary as a result of the expansion in the scale of their operations and the increasing presence of Western competitors in Constantinople- did not allow for such speculative activities and risky openings. Thus, the newcomer Greeks were forced under the circumstances to restrain the internationalization of the paper of the Internal Public Debt to the pre-Mandat Method of expansion.

VI

In 1872-3 the number of Société Anonyme banks in Constantinople rose from six to over sixteen.[56] Among the most important new establishments were the Banque Austro-Ottomane and the Banque Austro-Turque –both of which reflected the attempt of Austrian capital, in the aftermath of the Franco-Prussian War to 'usurp' the power of the French in Constantinople. In spite of their large founding capital, neither of these two new banks lasted long, due to their involvement in the Vienna crash of 1873.[57] (See again figure 1).

The two Société Anonyme banks of the newcomer Greeks (which replaced their smaller in size financial brokerage houses in 1872) were the Banque de Constantinople founded by Syngros, Skouloudes, and Vlastos [58]and the Société Ottoman de Change et de Valeurs set up by G.Koronios;. P.M. Klados; and P. Kamaras (who merged with the Anglo-Levantine A. J.F. Barker and the financial brokerage firm 'Eugenide et Cie'.) [59] It is known that from the inner core bankers Zarifis participated in the Banque de Constantinople, but it is not mentioned whether the other (inner core) limited liability partners of the two old financial brokerage houses participated in either of the two Société Anonyme banks of the newcomers .[60] (See again Figure 1)

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The floatation of the shares of the newcomers' banks to the public was undertaken by prestigious establishments. Twenty percent of the shares of the Banque de Constantinople were privately placed in Constantinople through the Banque Impériale Ottomane (BIO); and slightly less than half of the total were offered for public subscription in London through Bischoffsheim and Goldschmidt. This was the second time that the shares of a private bank operating in the Ottoman Empire were introduced into the London stock exchange.[61] As for the Société Ottoman de Change et de Valeurs, the floatation of its shares in the local market was undertaken by the Crédit Général Ottoman.

The Banque de Constantinople soon outdistanced its rival and became the 'favori' of the BIO, which in 1874 placed it as an intermediary in all of its dealings with the Ottoman Treasury.[62] This was a profitable activity even through the difficult years of the 1873-6 financial crisis in Constantinople. Also, shortly after it was founded, the Bank of Constantinople, through Zarifis and Zografos participated in the Tobacco Monopoly Concession of the Ottoman state.[63] It was also among the founders of the Compagnie des Eaux de Constantinople along with the Comptoir National d'Escompte, the Société Générale de l'Empire Ottoman, the BIO, Zarifis, Camondo and others.

For the Banque de Constantinople and overall for the Greek bankers, the years between 1876 and 1879 were characterized by a temporary revival of their powerful position, in spite of the appearance of new competitors on the scene such as the local subsidiary of the Crédit Lyonnais in 1875.[64] For following the suspension in 1875 of the payments of the Ottoman state on its two hundred million pounds sterling debt, dependence on Greek bankers for funding became near exclusive up to 1879.[65] The reason being that the 1875 convention, according to which the BIO undertook to increase its advances to the government and act as tresorier general, was not fully applied. As a result of the suspension of payments on the debt, the European financial markets and the powerful Banque Impériale Ottomane refused to make new loans to the Porte. The one exception for the BIO being in 1877, when it advanced along with Zarifis & Zafiropoulos and the Banque de Constantinople a 5,500,000 TL loan to the Porte so that it could meet part of the expenses of the high-cost war with Russia waged in 1877-8.[66]

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Table 1. ***Short-term advances granted to the Ottoman state between November 1871 and March 1872****

Bank/financier	Amount in Turkish Lira
Koronios	300,000
Klados **	100,000
Societé Generale de l'Empire Ottoman	1,400,000
Banque de Constantinople	1,807,000
Banque Austro-Ottomane	900,000
Banque Austro-Turque	400,000
Total for all Galata Banks	3,800,000

* This table depicts how even the newcomer Greek bankers operated as lone rangers as well as through their private firms. Here for example we see how this was the case with Koronios who was a founder of the Banque de Constantinople. This table is however but an elliptical picture. Zarifis & Zafiropoulos is surprisingly absent. But from an account of his, it is apparent that Zarifis participated in the granting of 2,300,000 pound sterling short term loan raised by Greek bankers in Galata in 1873 so as to facilitate the Treasury to pay the coupons of loans expiring in 1873.Source: Exertzoglou, 'Greek Banking in Constantinople', pp. 140-1; and Exertzoglou, *Adaptability and Policy of Expatriate Capital,* p. 42.

** Klados was a founder of the Société Ottoman de Change et de Valeurs, the rival of the Banque de Constantninople.

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A question that remains open is whether the new comer bankers became as wealthy as the inner core? The information available does not permit a precise evaluation of the exact size of their banking and privateer operations. Nevertheless, the following tentative conclusion may be reached: Although the Banque de Constantinople may have outdistanced by the end of the 1870s even the Société Générale de l'Empire Ottoman, the offspring of the BIO, and although it also may have rivaled the most important inner core establishment of the time, 'Zarifis & Zafiropoulos', on the whole the banking operations of the newcomers did not outdo in terms of scale the operations the inner core. Pointedly, however, even as late as 1881, the establishment 'Zarifis & Zafiropoulos' with an annual turnover of two million TL remained by far the largest Greek banking establishment in spite of its 'personalised' character. [67] It was thus by no coincidence that it participated in the Deutsche Bank local subsidiary .[68]

But nevertheless, the importance of some newcomers as individuals cannot be overlooked. The foreign bond holders after the default of 1875 relied in their initial negotiations with the Ottoman State on Skouloudes.[69] Pointedly, Andreas Vlastos in the 1880s became vice-president of the Comptoir National d' Escompte de Paris.[70] Moreover, in the November 1879 Convention (regarding the repayment of the Internal and External Public Debt) signed between the Porte, the BIO, and the more important bankers of Constantinople, out of the twelve signatories seven were inner core Greek bankers and three were newcomers.[71]

Ironically, only two years later, in 1881 the Greek bankers of Constantinople were in almost one stroke forced out of the arena of financing the Ottoman public debt. The Empire adopted a limping gold standard,[72] and the Decree of Muharem installed a Western controlled Public Debt Administration. The provision of short term advances to the Treasury was drastically curtailed in size and became practically monopolised by the Banque Impériale Ottomane which became the only 'significant financial institution in the capital'.[73] Moreover, in 1885 the corrupt method of auctioning the collection of the *tithes* was basically abolished.[74]

Greek bank(er)s were well prepared to survive the changes of 1881. Already since the early 1870s-some such as the Banque de Constantinople and Koronios - had made a partial move into the financing of public works in the Ottoman Empire; and had extended their

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portfolio of foreign paper and pure banking activities outside the Ottoman Empire. There was a partial turn towards nationalisation as Athens became one of their favored areas, [75] where they specialized in financing the Public Debt and speculated in the nascent capital market.[76] The presence of Greek bankers/ing establishments in Constantinople gradually faded away over the next decade. One year prior to the bubble/crisis of 1895 in Constantinople,[77] the Banque de Constantinople was absorbed by the Société Ottoman de Change et de Valeurs , the latter being liquidated itself in 1899.

VII. CONCLUSION

This paper has analysed the organizational makeup and financial techniques of Greek Diaspora banking during its golden era in Constantinople. It has shown that at the specific time and place the term 'indigenous capital' came to be identified with Greek capital. It has also demonstrated that Greek Diaspora banking had a flexible business organization, whereby banking was a mixture of the activities of men (bankers) and formal institutions (banks). Moreover, this paper has shed new light on the relatively unknown territory of the informal and formal network arrangements, whereby Greek bankers were engulfed into the cosmopolitan world of nineteenth century high finance.[78] It has also been argued that within the cultural context of the Eastern Mediterranean and the specific historical era, Greek bankers were 'innovative'. They enacted a transition from the use of commercial bills of exchange to the internationalization of Internal Government paper as a means to expand capital inflow into the Ottoman Empire.

While it is largely true that 'the history of Ottoman Banking is the history of the BIO',[79] this paper has highlighted how for the years between 1857/1863 and up to 1881 in parallel to what was the case in the Ottoman provinces regarding the penetration of Western joint stock banking, there was in Constantinople also a time lag of a few decades between the first direct appearance of Western banking and the point whereby it became the near exclusive financial factor in the local economy.[80]

The Greek bankers during their heyday were a hybrid specimen, part *sarrafs* part bankers; part arbitrageurs, taking advantage of market imperfections and part 'greedy' speculators. The accusations raised in the 1850s by *The Times* and Nassau Senior against local bankers in Constantinople that they regulated the price of money 'to their own convenience' and

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made fortunes out of the Ottoman Empire's spoils well applied to the Greek bankers.[81] But, the whole truth was more complex. First, some of the Greek bankers albeit *ex post* (i.e after 1875) advocated the need for the rationalization of Ottoman finances. Second, the internationalization, speculation in the paper of the Internal Ottoman Public Debt (and in particular the mandats), and the potentially unlimited infinite expansion of the newcomers' financial brokerage Houses exposure in the Western European financial market, were all fuelled by Western collaborators – and even the BIO itself. This suggests that in nineteenth century international finance the dividing line between the world of 'rational capitalism' and the 'irrational capitalism' of the Eastern Mediterranean was not all that clear. Indeed, it may be argued that the peak of Greek banking in Constantinople between 1840 and 1881 demonstrates that during this interim phase there was a grey area where both worlds meshed, sharing even 'common assumptions and values'. Not only did Western financiers turn before 1875/6 a blind eye towards the rather risky financial methods of the Greeks regarding the internationalization of the paper of the Internal Ottoman Public Debt, but some actually benefited from this process.

In way of a final comment, it may be argued that the evidence in this paper supports the well known argument that the evolution of financial instruments in an underdeveloped fiscal system opens the way for informal intermediation, speculating entrepreneurial activities and what may be described as 'unproductive entrepreneurship'. Nevertheless, the financial techniques of the Greek bankers can be acknowledged as marks of an ingenious entrepreneurial spirit. This was demonstrated at first, by the marketing of the paper of the Ottoman Internal Public Debt abroad by the inner core bankers and from 1867 onwards by the 'discovery' of the 'Mandat Method', whereby the newcomers initiated a regeneration process of the Internal Debt on foreign soil. Further research can look in more detail into: the issue of 'unproductive entrepreneurship'; the operation of corruption; how Westerners got involved in the discounting of the *havale* and mandats; and the extent to which the Greek Diaspora bankers were rooted in the Ottoman system and belonged to Constantinople.

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[2] See: Ch. Hadziiossif, 'Banques greques et banques europeens au XIXe siecle: le point de vue d'Alexandrie' in G.B.Dertilis, ed. Banquiers, Usuriers et Paysans Resaux de credit et strategies du capital en Grece (1780-1930), (Paris, 1988), pp.157-198.

[3] The Greek Diaspora bankers as suggested from material in the Skouloudes Archive at the Gennadeion Library had to some extent a dual identity, in that though they were members of a Diaspora of an international breadth, they also had a sense of belonging to Constantinople.

[4] In this sense this paper can be thought of as an extension of the work of H. Exertzoglou, 'Greek Banking in Constantinople, 1850-1881', Ph.D. Thesis, Kings College, London University, (London, 1986).

[5] A.Syngros, *Memoirs*, (Vols 1 -3) (Athens, 1908, 1998 republication edited by A. Angelou and M.Ch. Chatziioannou). (In Greek)

[6] S. Pamuk, *A Monetary History of the Ottoman Empire*, (Cambridge, 2000), pp.20-1, 80, 200-2; Z.Çelik, *The Remaking of Istanbul, Portrait of an Ottoman City in the Nineteenth Century*, (Seattle, 1986) pp.37-39; and Exertzoglou, 'Greek Banking in Constantinople', pp. 73-75,110.

[7] H. Inalcik and D. Quatert eds, *An Economic and Social History of the Ottoman Empire 1300-1914,* (Cambridge, 1994), pp.209-217, 970; C. Issawi, *The Economic History of Turkey 1800-1914, (*Chicago,1980), pp. 14,17, 54, 61-2,76,339; E. Eldem, *A History of the Ottoman Bank*, (Istanbul, 1999),p.13; and S. Pamuk, *The Ottoman Empire and European Capitalism, 1820-1913, Trade, investment and production*, (Cambridge, 1987), pp. 13-21, 26, 66-68.

[8] Some Armenians however as the Duz family distinguished themselves for their large more informal financial operations. Pamuk, *A Monetary History*, pp.201-3.

[9] Syngros, *Memoirs,* Vol.1.p.280, and Vol.2, pp.15, 120-2, and 278; H. Exertzoglou, *Adaptability and Policy of the Expatriate Capital in Constantinople, the House of 'Zarifis Zafiropoulos'1871-1881*, (Athens, 1989) pp.11, 12(In Greek); and F. Sidiropoulos, *The National Philanthropist Foundations in Constantinople*, (Athens, 1999)p.134. (In Greek)

[10] Syngros, *Memoirs*, Vol 2 p. 225; R. Davenport-Hines and J-J. Van Helten, 'Edgar Vincent, Viscount D'Abernon, and the Eastern Investment Company in London, Constantinople and Johannesburg' Business History, Vol XXVIII, No. 1, p. 51.

[11]Exertzoglou, 'Greek Banking in Constantinople', pp.114-5,117; and Chapman, *The Rise of Merchant Banking*, pp. 128-9 .

[12] Syngros, *Memoirs*, Vol 2, p. 121; E.Frangakis-Syrett, *The Commerce of Smyrna in the Eighteenth Century (1700-1820)*, (Athens,1992), p.110 and 'Implementation of the Anglo-Turkish Convention of Izmir's Trade: European and Minority Merchants' , *New Perspectives on Turkey*, Spring 1882, p.101; and G.I. Zolotas, *The history of Chios, Vol A.,* (Athens, 1923).

[13] Zarifis was close to the Société Marseillaise de Crédit and the Imperiale Credit Mercantile Association. Hadziiossif, 'Banques greques et banques europeens', p.169.

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[14] Exertzoglou, 'Greek Banking in Constantinople', pp.113; Rose and Staniforth, *Turkish Debt*, p. 45; St. Papageorgiou, *Greek Benefactors*, (Athens,1997), p.105.(In Greek); Syngros, *Memoirs* Vol.2, pp.121, 298;. A.Alexandris, The Greek minority of Istanbul and the Greek-Turkish Relations,1918-1974, (Athens, 1985), p. 232; Eldem, *History of Ottoman Bank*, p. 21.

[15] Exrertzoglou, 'Greek Banking in Constantinople', p.117

[16] St. Chapman*, Merchant Enterprise in Britain (*Cambridge, 1992), p. 160; and Syngros, *Memoirs* , Vol.2, pp. 122-3.

[17] Syngros, *Memoirs,* Vol 2. pp.122, 278; Exertzoglou, *Adaptability and Policy of Diaspora Capital*, p.13; H.Exertzoglou, 'Some thoughts and hypotheses regarding the movement of Greek Expatriate capital in the Ottoman Empire and Greece, end of 19th century-beginning of 20th)',93rd meeting of the researchers of the National Bank of Greece Historical Archive, 22, 12, 1988. Mimeo, p. 30 (In Greek). A.Mandilara, "The penetration of Greek entrepreneurial networks in the markets of the western Mediterranean, The case of Marseilles (1860-1890)", *Ta Istorika*, Issue 33, December 2000, pp. 266-8 (In Greek); A. Mandilara, 'The Greek Business Community in Marseille, 1816-1900:Individual and Network Strategies', (Unpublished Ph.D. Department of History and Civilization, European University Institute, Florence, 1998), p.174; J Thobie, *Intérets et Impérialisme Francais dans l'Empire Ottoman*, (Paris, 1977), p.90 For the similarity with the Chinese contemporaneous Diaspora see: R.Brown, ''Chinese banking and business in South –East Asia since 1870', in G. Jones, ed, *Banks as Multinationals*, (London, 1990), p.174.

[18]St. Xenos, *Depredations on Overend, Gurney and Co. and the Greek Oriental Steam Navigation Company*, (London, 1869), pp.5,11,13,17-18,23; Mandilara, 'The Greek Business Community' pp.183-4;D.Vikelas, *The Complete Works, My Life* Volume 1, (Athens, 1997 edition), pp.188, 191,3 (In Greek); T.Sklavenitis, 'The 'Traders Coalitions' of Smyrna and Constantinople (1806-1820)', in Society for the Study of Modern Greek Civilization and General Education, *The Outside Hellenism, Constantinople and Smyrna 1800-1922,* (Athens, 1998). (In Greek)

[19] Pamuk, *A Monetary History* , pp. 203, 210-212; Eldem, *A History of the Ottoman Bank,* pp. 20-4,74,89; and Exertzoglou, *Greek Banking in Constantinople*, pp. 116-130,166.

[20]C.G.A.Clay, "The Imperial Ottoman Bank in the later nineteenth century: a multinational 'national'bank?" in G. Jones, ed, *Banks as Multinationals*, (London, 1990), pp. 142-159 D. Landes, *Bankers and Pashas*,(New York, 1969) pp. 62-67.

[21]C.G. A. Clay, 'Western Banking and the Ottoman Economy before 1890: a Story of Disappointed Expectations', *JEEH,* Vol 28, 3, 1999, p.479; A. Du Velay, *Histoire Financiere de la Turquie* , (Paris, 1903), p.153; Thobie, *Intérets et Impérialisme,* pp.82-3.

[22] Issawi, *Economic History of Turkey,* p. 324; Pamuk, *The Ottoman Empire*,pp.64-65; Clay, 'Western Banking' p.474, Syngros*, Memoirs*, Vol 2, p. 31. Also, Hines and Van Helten, 'Edgar Vincent', p.36.

[23] Exertzoglou, 'Greek Banking in Constantinople',pp. 312-325.

[24] Chapman, *The Rise of Merchant Banking,* p.135.

[25] Hadziiossif, 'Banques greques et banques europeens', p.169; Du Velay, *Histoire Financiere, pp.199-201*;Thobie, *Intérets et Impérialisme,* pp.89-91.

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[26] Greek bankers of Constantinople participated in some of these new 'corporate' banks. S. Saul, *La France et L' Égypte de 1882 a 1914 Intérêts économiques et implications politiques*, (Paris, 1997),p. 82 ; and Chapman, *The Rise of Merchant Banking*, pp. 134, 166.

[27] M M. Çizakça, *A Comparative Evolution of Business Partnerships the Islamic World and Europe, with Specific Reference to the Ottoman Archives*, (Leiden, 1996) pp., 124-126,169-178.

[28] The tax revenues of the provinces sent to Constantinople by the *sarrafs* would be exchanged with the funds European merchants wanted to send from Constantinople to their associates in the provinces. E.Eldem*, French Trade in Istanbul in the Eighteenth Century*, (Leiden, 1999), pp. 113- 147, 174-202. Also, Pamuk, *A Monetary History,* p.170.

[29] Pamuk*, A Monetary History*, pp.210-11; and Syngros, *Memoirs,*Vol 2, pp. 32-4.

[30] Syngros, *Memoirs,* Vol. 2, 178-9,182-3.

[31]Pamuk, *The Ottoman Empire*, p. 87; Issawi, *Economic History of Middle East*, pp. 96,98; Issawi, *Economic History of Turkey*, p. 340. Skouloudes Archive at the Gennadeion Library : File 25, Document titled 'Ottoman state Finances' written by Stephanos Skouloudes, c. 1876; D.C.Blaisdell, *European Financial Control in the Ottoman Empire*,(New York, 1929), pp.11-14; Pamuk, *A Monetary History*, p. 84. The Ottoman state would usually pay the Greek *sarrafs* through the fraudulent awarding of such tithes. Syngros, *Memoirs* Vol. 1, p.353-5; and Vol 2, 68-71.

[32] Syngros, *Memoirs,* Vol.2, pp.17-9.

[33] The total nominal value of the sixteen loans issued was around 200,000,000 sterling pounds. Skouloudes Archive at the Gennadeion Library: File 25, Memorandum of Stephanos Skouloudes on 'The total foreign and local debt of the Ottoman Empire', c.1875/76 and 'Tableau des Valeurs Publiques Ottomanes Fonds d' Etat' , Imprimerie du Levant Times &Shipping Gazette, c. 1876 Issawi, *Economic History Middle East*, pp.100-1; Pamuk *The Ottoman Empire* pp.55-7; and Inalcik and Quatert eds, *An Economic and Social History*, p.972.

[34]Pamuk, *A Monetary History ,* p.213.

[35] For estimates of the size of the Internal Ottoman Public Debt see: Tableau General des Recettes et des Depenses de l'exercise 1er Mars 1874 a fin Fevrier 1875; Eldem, *A History of the Ottoman Bank*, p. 75 ; Mandilara, 'The Greek Business Community', p. 298, Du Velay, *Histoire Financiere, pp.* 154-5.

[36] Eldem, *A History of the Ottoman Bank*, pp.57, 73; N. Valsamakis, 'Speculative Crisis in Constantinople' ,*Oikonomike Epitheorisis* 1874, p.37.

[37]Inalcik and Quataert, *An Economic and Social History*, p. 208; and Xenos, *Depredations on Overend,* p.115.

[38] J.Bouvier, *Le Crédit Lyonnais 1862-1882*, Vol. II, 1962, p.683; Mandilara, "The penetration of Greek entrepreneurial networks", pp. 257-261; and Eldem, *A History of the Ottoman Bank*, p.22, footnote 22.

[39] Xenos, *Depredations on Overend*, pp.113-115. Mandilara, 'The Greek Business Community', pp. 301, 316-318; Blaisdell, *European Financial Control, pp. 33-34.*

[40] Exertzoglou, 'Greek Banking in Constantinople',p. 312.

[41] Syngros, *Memoirs,* Vol 2 pp.174, 201.

[42] Syngros, *Memoirs* Vol 2, pp, 168, 196,226. Du Velay, *Histoire Financiere de la Turquie, p.204.*

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[43] Syngros, *Memoirs,* Vol.2, pp. 179, 241, 262.

[44] Mandilara, 'The Greek Business Community', p. 174.

[45] In 1869 Syngros' 'House' was saved 'from financial ruin' due to the intervention of Sadik Pasha. Syngros, *Memoirs*, Vol 2, pp.197-8.

[46] Syngros, *Memoirs*, Vol 1 pp.,214-218,282 and Vol 2, pp. 9-12, 14, 23-33; Çizakça, ' *Comparative Evolution'*, p.22; 'Commercial letter written in 1770 from Chios', (Ellinika) *Symmeikta,* Volume VII, 1934,pp.155-6.

[47] Landes, *Bankers and Pashas*, pp.111-115.

[48] Syngros did not deposit any real money but promised that if the so called 3,292,800 pound sterling 1862 Mustapha loan was not fully subscribed he would be responsible for providing the sum he guaranteed. Syngros, *Memoirs,* Vol.2. pp60-62; and Issawi, *Economic History of Middle East*, p.435.

[49] Syngros, *Memoirs* ,Vol. 2, pp 303-4.

[50] Syngros, *Memoirs* ,Vol. 2, pp. 180, 201-5; and *Issawi, Economic History Middle East*, p. 100.

[51] While Syngros' claim that the issuing of these Mandats was undertaken by the BIO at his instigation may be farfetched, this method coincided chronologically with the appearance of the newcomers on the scene. Syngros, *Memoirs,* Vol.2 pp. 179-181,214.

[52] For this terminology see Landes, *Bankers and Pashas*, p.62.

[53] Syngros, *Memoirs,* Vol. 2, pp.181, 214.

[54]Syngros, *Memoirs,* Vol 2, pp 203-4, 291; Thobie, *Intérets et Impérialisme ,p.88;* Skouloudes in 1876 proposed the abolition of the *Tithes* and a plan for the conversion of existing loans into one uniform debt. Rose and Staniforth, *Turkish Debt*, pp.8- 9.

[55] Syngros, *Memoirs,* Vol 2, pp. 213-219, 226,227,257-264, 298.

[56] Du Velay, *Histoire Financiere de la Turquie,* p.205; Hadziiossif, 'Banques greques et banques europeens', p.171 and Exertzoglou*, Adaptability and Policy of Expatriate Capital,* p.27.

[57] Clay, 'Western Banking and the Ottoman Economy' p. 494.

[58] No connection existed with the Banque de Constantinople founded in 1847 and dissolved in 1852.

[59] Efstathios Eugenides can also be considered as a 'marginal' new comer at the time of this merger. Du Velay, *Histoire Financiere*, pp. 204-5; Syngros, *Memoirs,* Vol 2, p.174 and Vol.3/pp.3-6, 16, 18.

[60] Syngros, *Memoirs*, Vol 3, pp. 28-9.

[61] Syngros, *Memoirs,* Vol 3, pp.3-7, 16, 18;Çizakça, '*A Comparative Evolution'* p.56. For the first such attempt at the flotation of shares of a Turkish bank in the Western European stock exchanges see the affair -of the rival (to the BIO) project- of the Bank of Turkey in 1857. Eldem, *A History of the Ottoman Bank,* chapter 3, p.65.

[62] Clay, 'Western Banking and the Ottoman Economy',pp. 495-6.

[63] Exertzoglou, 'Some Thoughts', p.25

[64] Thobie, *Intérets et Impérialisme* pp.92,141; and Exertzoglou, *Adaptability and Policy of Diaspora Capital* p.39.

[65] For the 1879 convention see: Du Velay, *Histoire Financiere de la Turquie*, pp.397-405; Thobie, *Intérets et Impérialisme,* p.96.

[66] Exertzoglou, *Adaptability and Policy of Expatriate Capital*, p. 77.

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[67] Their assets were: Banque de Constantinople 1,700,000 TL; Société Ottoman des Change et de Valeurs 800,000 TL; Société Générale de l' Empire Ottoman 1,000,000 TL, Exertzoglou, 'Some Thoughts', pp. 5; Exertzoglou, *Adaptability and Policy of Expatriate Capital*, pp.25,76-7,86, 98-99.

[68] Issawi, *Economic History Middle East*, p. 21. Exertzoglou, *Adaptability and Policy of Expatriate Capital,* p.11; and Exertzoglou, 'Some Thoughts', p.25.

[69] Rose and Staniforth, *Turkish Debt*, pp. 8-9,45.

[70] Syngros, *Memoirs*, Vol.3.p.152.

[71] Thobie, *Intérets et Impérialisme* p. 96.

[72] Pamuk, *A Monetary History of the Ottoman Empire*, chapter 13.

[73]Clay, 'The Imperial Ottoman Bank', pp. 142, 146. Thobie, *Intérets et Impérialisme,* pp.85, 86.

[74] Issawi, *Economic History of Turkey,* p.353

[75] For the wider shift from cosmopolitanism to nationalism in the later part of the nineteenth century see: C.A.Jones, *International Business in the Nineteenth Century*, (Brighton, 1987), chapter 3.

[76]T.Anastassopoulos, *Inheritance of Andreas Syngros*,(Athens, 1907)pp. 35-7 (In Greek); G.Dertilis, *The Banking Affair (1871-1873)*, (Athens, 1980) (In Greek); Syngros Memoirs, Vol 3, pp.26-257; Hadziossif, 'Banques greques et banques europeens', pp.180-4; C. Costis and V. Tsokopoulos, *Banks in Greece 1898-1928,* (Athens, 1988); Exertzoglou, '*Greek Banking in Constantinople'*, pp.211-3.

[77] Eldem, *A History of the Ottoman Bank*, p. 177.

[78] For the highly integrated and cosmopolitan world of international trade and finance in the mid nineteenth century see: Jones, *International Business in the Nineteenth Century,* introduction and chapters 1 and 2.

[79] Landes*, Bankers and Pashas*, p.62.

[80] Clay, 'Western Banking and the Ottoman Economy', p.504. See also C.Clay, *Gold for the Sultan: Western Bankers and Ottoman Finance, 1856-1881*, (London, 2000).

[81] The *Times* 11 March 1856; Eldem, *History of Ottoman Bank*, p. 99; Blasidell, *European Financial Control, pp.1*, 10.

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