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Serbo-Albanian Bank in Albania
1925–1927

The idea of setting up a bank with Yugoslav capital in Albania, which, being on the ground, would serve as a channel for economic and every other penetration into Albania, may be traced back to the aftermath of the First World War. The bank was an aspect of the Yugoslav (Kingdom of Serbs, Croats and Slovenes) government's policy on Albania aimed at establishing the closest possible "commercial, credit and transport relations with the neighbouring state of Albania, its northern part in particular".¹ Yet another motive was the Yugoslav government's aspiration to counteract Italy's growing economic influence in Albania.² Moreover, the undertaking should be analyzed also in light of the fact that in the first few years after the First World War there were no banks at all in Albania. Namely, before the war, there operated the Turkish *Ottoman Bank*, which opened its branch office in Scutari (Shkodër) in 1911.³ When Albania became independent in 1913, some banks from Austria-Hungary and Italy also showed interest. Groups of Austrian and Italian banks, led by *Wiener Bankverein* and *Banca Commerciale Italiana* respectively, tried to establish an Albanian National Bank, but with no success.⁴ During the war, only *Wiener Bankverein* operated in

¹ Miladin Milošević and Ljubodrag Dimić, "Međudržavni ugovori između Jugoslavije i Albanije 1919–1939" [Interstate agreements between Yugoslavia and Albania 1919–1939] in *Stanovištvo slovenskog porekla u Albaniji* [Population of Slavic Origin in Albania] (Cetinje, 1990); internet edition only consulted: <http://www.rastko.org.yu/rastko-al/zbornik1990/milosevic-ljdimic-ugovori.php>

² For the role of Italy in the financial life of Albania between the two world wars, see Alessandro Roselli, *Italy and Albania: Financial Relations in the Fascist Period* (London, 2006).

³ The Ottoman Bank's branch office in Scutari was closed in 1914; cf. The Ottoman Bank Archives and Research Centre at: www.obarsiv.com/english/history.html.

⁴ A. Mitrović, *Strane banke u Srbiji 1878–1914* [Foreign Banks in Serbia 1878–1914] (Belgrade, 2004), 57.

the territory of Albania.⁵ As its operation was terminated at the end of the war, the need arose to fill up the gap and establish a bank that would have a prevailing influence on the overall economic life in Albania.

It is in that context as well that the founding of the Cetinje-based *Serbo-Albanian Bank* (*Srpsko-arbanaška banka*) should be looked at. After having some difficulties with the shareholding *Yugoslav Mercantile Bank* (*Jugoslovenska merkantilna banka*), founded in Belgrade in 1919, sometime in late March 1922 two Zuber brothers, Lale and Nikola, set about to establish a new Cetinje-based shareholding company under the changed name *Serbo-Albanian Bank*.⁶ Among the reasons for this change of the Bank's name and seat was, as stated, the desire to develop "closer" relations with neighbouring Albania and therefore to suppress "foreign influence" in that country.⁷

The Bank was set up immediately after Yugoslav-Albanian diplomatic relations had finally been established in March 1922. The Founders' Assembly was held as early as April the same year, and the Bank was court-registered at Cetinje on 20 June 1922.⁸ It commenced its operation in September, following the Constituent Assembly of Shareholders. The initial capital of 10 million dinars was divided into 10 thousand shares, with 75% of the capital payable immediately. The largest portion was in the hands of the Zuber family of Cetinje. One of the main goals of the *Serbo-Albanian Bank* in its first year of operation was to open a branch office in Scutari, with the view to developing stronger economic relations with the neighbouring country and improving mutual trade, marked by a slowdown in the first years after the war.⁹ For the sake of achieving optimum results, the Yugoslav

⁵ Ž. Avramovski, "Italijanska ekonomska penetracija u Albaniji 1925-1939. godine" [Italian economic penetration of Albania 1925-1939] in *Istorija XX veka* (Belgrade, 1963), vol. V, 150.

⁶ Arhiv Srbije i Crne Gore, Ministarstvo trgovine i industrije Kraljevine Jugoslavije [Archive of Serbia and Montenegro, Ministry of Trade and Industry of the Kingdom of Yugoslavia, hereafter: ASCG, 65], F. 1277, no 2261.

⁷ Državni arhiv Crne Gore, Fond Srpsko-albanska banka [State Archive of Montenegro, Fund of the Serbo-Albanian Bank, hereafter: DACG, SAB]. The records of this fund are unfiled. F. 6, copy of the Bank's letter to the National Bank of the Kingdom of SCS, 16 September 1923.

⁸ *Ibid.* F. 10, copy of the Bank's letter to the Adriatic-Danube Bank [*Jadransko-podunavska banka*] in Dubrovnik, July 1925.

⁹ ASCG, 65-1277-2261, report of the Managing Board of the Serbo-Albanian Bank for 1922.

government met the needs of the Bank and granted it the status of a royal privileged trading agency, with seats at Scutari and Durrës.¹⁰

However, between the end of 1922 and the end of 1924 the Bank did not operate in Albania. It did rent premises in Scutari, but it neither opened its counters nor its doors as it had to wait for the necessary licenses from the Albanian authorities.¹¹ Meanwhile, the Bank effected all payments for the account of the *Serbo-Albanian Bank* in Albania and all payments with that country through a certain Pashko Gurashi, an Albanian who ran an exchange office at Scutari and functioned as an “agent” of the Yugoslav bank.¹²

The Bank issue further worsened with the outbreak of the June Revolution in Albania in 1924. The government was ousted, its speaker Ahmed Bey Zogu¹³ fled the country and later sought refuge in Yugoslavia, and the Orthodox bishop Fan Noli became head of Albania. During Fan Noli's six-month rule, the Yugoslav government broke up diplomatic relations with Albania. They were re-established only after Zogu's Yugoslav-assisted return to power in December the same year. Good relations between the two countries established in early 1925 gave a fresh impetus to the activities focused on the *Serbo-Albanian Bank's* operation in Albania, an issue which undoubtedly had been negotiated between Yugoslav officials and Zogu during his stay in Belgrade in 1924.¹⁴ In parallel with the border demarcation

¹⁰ DACG, SAB (records unfiled), F. 3, letter of the Ministry of Foreign Affairs of the Kingdom of SCS, Pov. 3355, 21 December 1922. It was emphasized that the agency was not to receive state subsidy, cf. Milošević & Dimić, “Međudržavni ugovori”.

¹¹ DACG, SAB (records unfiled), F. 10. The Bank's balance sheet for 1924 contains an item relating to the rent of offices and another relating to the obtainment of a license in Tirana amounting to 100 thousand dinars.

¹² *Ibid.* Bishop of the Serbian Orthodox Church in Scutari Viktor Mihailović was financed through Gurashi.

¹³ Ahmed Bey Zogu was the most influential Albanian politician in the first decade after the First World War. In 1928 he became king under the name of Zog I and ruled Albania until the beginning of the Second World War. For more detail about his life, see J. Tomes, *King Zog of Albania: Self-made Monarch of Albania* (New York, 2004); B. J. Fischer, *King Zog and the Struggle for Stability in Albania* (New York, 1984). For his relations with the Kingdom of Serbia, see D. T. Bataković, “Ahmed-beg Zogu i Srbija” [Ahmed-Bey Zogu and Serbia], in *Srbija 1916. godine* [Serbia in 1916] (Belgrade: Historical Institute, 1987), 165–177.

¹⁴ Arhiv Vojnoistorijskog instituta [Archives of the Military Historical Institute, hereafter: AVII], reg. 17, box 61 g, Elaborat “Albanija u periodu između dva rata” [Study Albania between the two wars], 39. The study was written in 1953 by an anonymous author obviously well versed in the problem of Yugoslav–Albanian relations of that period. According to him, it was agreed with Zogu that Albania should “allow that a bank could be established with Yugoslav capital in Scutari”.

negotiations, talks about establishing a bank with Yugoslav capital in Albania commenced as early as February 1925.

The action of opening a bank with Yugoslav capital in Albania was undertaken by the *Serbo-Albanian Bank*, founded three years earlier with exactly that goal. As we have seen, the Bank was owned by the Zuber brothers of Cetinje. In the meantime, the Bank invested fully its capital of 10 million dinars. There are some grounds to assume that a half of the Bank's capital (5 million dinars) was provided by the Yugoslav government, i.e. the Ministry of Foreign Affairs.¹⁵ What is certain, however, is that the Bank received the same amount as a loan from the *Privileged National Bank* of the Kingdom of Serbs, Croats and Slovenes.

At the time the opening of a branch office in Scutari was in preparation, Nikola Zuber, a member of the National Radical Party from Montenegro, was the Party's candidate for Cetinje and Bar County on the parliamentary elections held in February 1925. The first candidate on the Radical list from Montenegro was Minister of Finance Milan Stojadinović, and Nikola Zuber was actively involved in his election campaign. The Zuber may have used their close relations with the minister to speed up the process of opening the branch office and ensure as favourable conditions for the Bank's operation in Albania as possible.¹⁶

The preparations for opening the branch office in Scutari were intensified in February 1925 when the Albanian authorities issued the necessary licences, which was reported to Belgrade by Ivo Vukotić, the Counsellor in Scutari.¹⁷ On 6 March everything was ready for the opening ceremony, and Lale Zuber's approval and the arrival of the delegation from Cetinje were waited for. Informed that the preparations for the start up of operations in Albania were completed, Lale Zuber, who was in Belgrade, gave his approval and, on 15 March, authorized Krsto Pejović, Bank Director, to open the branch office, stating that it was necessary to supply a full report to the Yugoslav *Privileged National Bank* and Ministry of Finance in order to obtain the necessary funds for opening the branch office. A few days later, unaware

¹⁵ *Ibid.*

¹⁶ Šerbo Rastoder, *Političke borbe u Crnoj Gori 1918–1929* [Political Struggles in Montenegro 1918–1929] (Belgrade, 1996), 66. Milan Stojadinović was a representative of one of three Radical lists for Montenegro. Nikola Zuber was one of his closest collaborators in the election campaign led in Montenegro. Although the available archival material does not give a clear picture, it seems that the reasons for entrusting the Zuber with the task of establishing a bank in Albania may be found in their mutual connection.

¹⁷ DACG, SAB (records unfiled), F. 27, cable of Lale Zuber, Belgrade, 18 February 1925.

of the developments in Albania, Zuber demanded the “urgent” opening of the branch office. His comment “even if we don’t do anything” spoke for itself about the intention to finish the whole business as quickly as possible.¹⁸ The haste with which the last step in the process of establishing a bank in Albania was made becomes understandable if we know that it was in those days that news began to arrive from Albania about a “clash” between Great Britain and Italy over the founding of an *Albanian National Bank*.

Namely, in February 1925 Zogu negotiated both with British *Midland Bank* and with an Italian group of bankers headed by Professor Mario Alberti, Director of *Credito Italiano*. *Midland Bank* offered to establish a bank in Albania with a capital of 500,000 pounds, with Zogu receiving 100,000 pounds immediately to pay the army; the whole amount would have been guaranteed by Albanian customs duties and monopolies. In parallel, negotiations were conducted in Rome, with prominent Albanians, the Libohova brothers, acting as mediators, about establishing a bank with Italian capital. The winner was to be decided by the amount of bribe the competitors were willing to pay for this important concession.¹⁹

The Yugoslav government was actively involved in the competition for establishing the *Albanian National Bank*. Although preoccupied with internal problems associated with the February parliamentary elections, diplomacy attempted to build up its influence in Albania. On the news about the British offer, which caused huge excitement in the Yugoslav public, the Minister of Foreign Affairs Momčilo Ninčić proposed to Rome to establish jointly a bank of issue in Albania, and in late February, General Alessandro Bodrero, Italian diplomat seated in Belgrade, received an offer from Belgrade for investing Italian capital in the *Serbo-Albanian Bank*.²⁰ This is supported by an interesting document of 5 February 1925, “Memorandum on Albania”, found in the archives of the *Serbo-Albanian Bank*.²¹ The document states that the *Serbo-Albanian Bank* is owned by “a prominent Montenegrin” and proposes that, for the sake of peaceful economic penetration of both Italy and Yugoslavia in Albania, this Bank be given the role of the central

¹⁸ *Ibid.*, cable of Lala Zuber, Belgrade, 20 March 1925.

¹⁹ Fischer, *King Zog*, 89.

²⁰ General Bodrero, Italian diplomatic representative in Belgrade, to Mussolini, 2 March 1925, *Documenti diplomatici Italiani* (hereafter: DDI), ser. VII, vol. III, doc. 741. Bodrero refers to his previous cable of 24 February, which has not been included in the published collection of documents. See note 2 with document 741; P. Pastorelli, *Italia e Albania 1924–1927* (Florence, 1967), 140.

²¹ DACG, SAB (records unfiled), F. 20. Except for the date, there is nothing to indicate the maker of this document and its purpose. Analysis of the context shows that the author is likely to have been someone from the Bank’s management.

bank of Albania.²² Stating that the Bank's capital is 10 million dinars and the reserve fund one million, the Memorandum proposes an increase of the capital of the Bank to 50 millions and a distribution of the capital where Italy should invest one half, while the other half should be divided between the Yugoslav government and the owners of the *Serbo-Albanian Bank*. As far as the Bank's management is concerned, the Memorandum stipulated that the Managing Board be composed of Yugoslav, Italian and Albanian representatives – Italy and Yugoslavia having four representatives each, and Albania, one.²³ The headquarters of the Bank should be in Scutari, although “some other Albanian city” is not ruled out, while branch offices should be opened not only in Albania, but also in Yugoslavia and Italy. The Memorandum, in fact, anticipates the transformation of the *Serbo-Albanian Bank* into the *Albanian National Bank* authorized to issue banknotes, i.e. the bank of issue.

The Memorandum emphasizes yet another and very important role of the Bank. It should be the regulator of the entire financial life of Albania, meaning that no banking concessions could be approved without its knowledge.²⁴ To gain control over all financial concessions in an undeveloped country such as Albania was meant to control its entire economic life and the strategy of its development. Aware of the extreme importance of the stated proposal, the Memorandum envisages a separate agreement between Belgrade and Rome concerning this matter. The role of the Bank in the whole project was that of a “guarantor of the economic life of Albania”.²⁵

In mid March, when it became clear that Yugoslavia was going to get its bank in Albania, the Yugoslav Minister of Foreign Affairs Ninčić reaffirmed to the Italian diplomat Bodrero the need for the two countries' joint economic action in Albania,²⁶ with the founding of a bank of issue as the first step. Ninčić offered the cooperation to Italy, explaining it by Yugoslavia's inability to establish such a bank on her own and by her desire to prevent other “great powers” – first of all Great Britain – from doing business

²² *Ibid.*

²³ *Ibid.*

²⁴ *Ibid.*

²⁵ *Ibid.* This Memorandum casts a new light on the intentions of the founders of the Bank's Scutari branch office. Contrary to the opinion that it was established as a response of the Yugoslav party to Italy's action in order “to compete” against Italian influence, as proposed by Ž. Avramovski (“Italijanska ekonomska penetracija”, 153), it seems that the Bank was meant to play a central role in the economic life, and so its establishment ran in parallel with the establishment of the *Albanian National Bank*.

²⁶ DDI, ser. VII, vol. III, doc. 764. Also quoted in Avramovski, “Italijanska ekonomska penetracija”, 151.

in Albania.²⁷ And then information leaked out that an agreement on establishing another bank in Albania had been concluded, this time as a result of the Albanian Minister of Finance Myfit Libohova's successful mission to Rome.²⁸ Indeed, already on 19 March, the Protocol on the Establishment of the *Albanian National Bank* was signed by the state of Albania and the group led by the Italian Mario Alberti, only two days after the branch office of the *Serbo-Albanian Bank* in Scutari had been opened.

The text of the Convention on the Establishment of the *Albanian National Bank* with accompanying documents was endorsed on 15 March 1925 and officially signed four days later.²⁹ The Convention stipulated the Bank's capital of 12.5 million gold francs, divided into 495 thousand common shares of 25 golden francs each, and 100 thousand founders' shares with a value of 1.25 francs per share.³⁰ It was stipulated that 49% of common shares be booked for Albanian citizens, and that the rest be distributed among the Kingdom of SCS (10%), *Basler Kommerzial Bank* (also 10%), *Banque Belge pour l'Etranger* (5%), and Italy, which, however, obtained the largest portion (26%) together with all founders' shares.³¹

The establishment of the *Albanian National Bank* came as a shock to the Yugoslav party which, as we have said, had different plans and considered the joint establishment of a bank of issue as an act of good will on the part of the Kingdom of SCS in accordance with the Yugoslav-Italian Pact of Friendship.³² Branko Lazarević, new diplomatic representative in Albania who had arrived in Tirana only a few of days before the Convention was made public, was livid and suggested that the Albanian government should request a participation of Yugoslav capital in order to ensure control over operations performed by the Italians.³³ Unlike the Yugoslav plan on parity representation between Italians and Yugoslavs in the management of the Bank, including one representative of Albania, as stipulated by the Memorandum and proposed to Bodrero by Ninčić, the Convention on the Establishment of the National Bank of Albania of 19 March 1925 stipulated that

²⁷ *Ibid.*

²⁸ The agreement was made public on 15 March 1925. ASCG, Fond Aleksandra Cincar Markovića [Fund of Aleksandar Cincar-Marković, hereinafter: 310], F. 1, Pov. no. 86, report of military representative Tanasije Dinić, Tirana, 17 March 1926.

²⁹ Avramovski, "Italijanska ekonomska penetracija", 151.

³⁰ *Ibid.*, 152.

³¹ On the Albanian National Bank, see: Vidan O. Blagojević, "Albanska narodna banka" [Albanian National Bank], *Ekonomist* VI, No. 1, January 1926, 76–83.

³² DDI, ser. VII, vol. III, doc. 770; Avramovski, "Italijanska ekonomska penetracija", 151.

³³ *Ibid.*

the central management be composed of two representatives of Italy and Albania, and that the presidency and decisive vote belong to the representative of Italy.³⁴ In this new situation, the Yugoslav government hoped that, in spite of its small 10%-participation in the ownership of the capital, it would still be able to take over the Albanian share of 49%, thereby gaining control of the bank and rising above the role of a mere observer.³⁵ However, Rome was prepared for such a situation. Mussolini sent clear instructions regarding this matter to the Italian diplomatic representative. Of the 49% of shares originally intended for the Albanians, the Duce requested that 30% be offered to the Albanians residing in Italy, which meant they would fall under the sway of Italian capital. Moreover, the remaining 19% was purchased by an Italian financial group.³⁶ Thus, having purchased all shares owned by Albanian citizens, the Italian party outwitted the Yugoslavs and took over control of the Bank.

These developments, as it seems, meant that the *raison d'être* for the branch office of the *Serbo-Albanian Bank*, as stated in the abovementioned February Memorandum, ceased to exist. Although it lost the battle for the central bank, there were still hopes that it might maintain its role in Albania by ensuring that the "quota" Yugoslavia should have participated with in the capital of the *Albanian National Bank* included the Bank "with all its current assets and invested capital".³⁷ As an alternative, "if this is not possible because other capitalists, founders of the *Albanian Bank of Issue*, disagree", the *Serbo-Albanian Bank* proposed that "the amount our state shall participate with be registered through our Bank and that our Bank represent it in the management of the *Bank of Issue*". Ninčić was called to protect endangered interests, reminded of the "political and economic importance" of the Bank's penetration into Albania, and solicited to grant the request of the *Serbo-Albanian Bank*, "the first and only pioneer in Albania".³⁸

In spite of everything, the *Serbo-Albanian Bank* continued to operate but with a significantly changed role. Soon upon its establishment, the branch office drew prominent members of the Serbian community from Scutari and several surrounding villages, representatives of the Yugoslav

³⁴ *Ibid.*

³⁵ ASCG, 310, F.1, Pov. no. 86, report of Tanasije Dinić, military representative, Tirana, 17 March 1926.

³⁶ Roselli, *Italy and Albania*, 34.

³⁷ ASCG, Ministarstvo inostranih poslova Kraljevine Jugoslavije, političko odeljenje [Ministry of Foreign Affairs of the Kingdom of Yugoslavia, Political Department, hereinafter: 334], F. 4, arch. unit 18, sheet 455, letter of the *Serbian-Albanian Bank* to the Ministry of Foreign Affairs, 28 April 1925.

³⁸ *Ibid.*

Consulate and Orthodox clergy. The Yugoslav Consulate opened its current account in the Bank, and Ivo Vukotić, the Counsellor, became a member of the Managing Board.³⁹ Representatives of the Serbian Orthodox Church in Albania, headed by Bishop Victor Mihailović, and the clergy from the city and surrounding Serbian villages also became clients of the Bank.⁴⁰ Among its clients were some proven Albanian friends of the Kingdom of SCS, the most important being the “Tirana Bishop Visar” (Visarion Xhuvani, bishop of the Albanian Orthodox Church).⁴¹ The branch office also did business with the prominent pro-Yugoslav Albanian Ceno Bej Kryeziu, the prominent Mirdit trader Zef Ndozi (Noci?) and others. Trader Riza Bej Koplaku, an influential pro-Yugoslav Muslim from Scutari, also became a member of the Managing Board.⁴²

Upon the establishment of the branch office of the *Serbo-Albanian Bank*, a Privileged Trading Agency was opened under the same roof and firm, with “agents” in the Albanian cities of Durrës (Durazzo) and Sarandë (Santi Quaranta), and the goal to enhance trade between the Kingdom of SCS and Albania. To this effect, as of May 1925, the branch office launched a broad advertising campaign covering a number of domestic and foreign banks, all chambers of commerce, as well as companies which had already developed business relations with Albania. Yugoslav chambers of commerce and trade were consulted on the possible assortment of products to be imported into Albania, and particularly into Scutari. Given the impending trade agreement between the two countries, the chambers were also consulted on the range of products for which customs rates should be reduced, or duties completely abolished.⁴³ The branch office emphasized that its operations were focused on remaining competitive with Italian products on the Albanian market.⁴⁴ In order to increase Yugoslav imports into Albania, the Bank sought to establish business relations with firms engaged in the

³⁹ Besides Vukotić, other officers of the Consulate also had their accounts in the Bank.

⁴⁰ DACG, SAB (records unfiled), F. 18, balance sheets for 1925. There is an interesting letter (*ibid.* F. 21) of “parish priest Laza” in which he complains that he was unable to take his “advance salary” due to the lack of money. The letter is dated 12 June 1925.

⁴¹ Visarion had a current account in *napoleondors* (Napoleon d’Or) for which the branch office received necessary written guarantees from the Consulate of the Kingdom of SCS in Scutari (*ibid.* F. 18, balance sheets for 1925).

⁴² The third member of the Managing Board was director of the branch office. Initially, that function was performed by a certain Galliani, but about the middle of 1925 he was replaced by Julije Anterić.

⁴³ DACG, SAB, F. 20, circular letter to Chambers of Crafts and Commerce in the Kingdom of SCS, 11 August 1925.

⁴⁴ *Ibid.*

manufacture and export of certain products. It was interested in timber, cement and foods such as sugar, flour, beer and corn. Firms that had already developed business relations with Albania were requested to entrust their agency operations to the Bank.⁴⁵ At the same time, the Bank required from Yugoslav diplomatic missions in Albania to supply statistical data on imports into and exports from Albania.⁴⁶ The response varied from outwardly to actually interested, the latter being those chambers of commerce and banks which had already developed relations with Albania. This is particularly true for Split Chamber of Commerce which, aware of the importance of a “commercial and economic action” in Albania, advised the Bank to enhance trade between the Kingdom of SCS and Albania through its actions. Underlining natural ties between Albania and Dalmatia, Split Chamber was interested in selling some particular products on the Albanian market, most of all cement.⁴⁷ The branch office of the *Serbo-Albanian Bank* in its turn gathered information about some Albanian businessmen for Yugoslav industrials.

Within months of the beginning of its operation, with the *Albanian National Bank* and the Durrës branch office of the *Greek Bank of Athens*, also opened in 1925, as competitors, the Scutari branch office of the *Serbo-Albanian Bank* faced problems. Since its scope of operation was quite limited, the branch office complained to the Cetinje headquarters about insufficient cash holdings, an amount not exceeding 500,000 dinars. In their words, this was not enough to start and develop any kind of business in Scutari.⁴⁸ After the initial speedy process, it became obvious that the branch office, losing

⁴⁵ In reply to this request, some firms asked for more detailed information, but there were also those which replied that they had already had their agents, i.e. that they did not intend to share warehouses with the Bank and put their staff under its control (letter of the cement factory Lavocat & Cia from Split of 3 September 1925 can serve as an example, *ibid.*).

⁴⁶ The reply of Brana Dimitrijević, head of the Yugoslav Mission in Valona, was negative as that kind of data was nonexistent in Albania in 1925 (*ibid.* 1 October 1925).

⁴⁷ Cement was among Yugoslav major exports to Albania. In 1914 the Chamber of Split exported cement worth one million dinars to Albania, but it was noted that this only accounted for about 0.5% of the total export to Albania, which amounted to 19 million dinars (Split Chamber to the Bank, *ibid.*).

⁴⁸ Interesting in this context is an observation of the journalist Milosav Jelić who visited Scutari in August 1925. Speaking about the look of the city, he observed: “There dominates a new firm of the Serbo-Albanian Bank. It looks good, but I would say that the business is not diversified enough. Anyway, it all depends on the size of capital.” M. Jelić, *Albanija, zapisi o ljudima i događajima* (Belgrade, 1933), 116. As an illustrative example of the weak position caused by lack of money, the branch office stated the fact that even the Yugoslav Consulate in Scutari was “forced to negotiate cheques in francs

in competition with the *Albanian National Bank*, was left without a clear strategy. As the original idea of becoming the central and only bank ended in failure, and the available amount of money could not satisfy the needs of business, the headquarters was expected to draw up guidelines on the branch office's further operations.⁴⁹

With the founding of the *Albanian National Bank*, on 2 September 1925, several banks, led by the *Beogradska zadruga* (Belgrade Credit Union), entered into the Yugoslav 10%-participation in its share capital.⁵⁰ Obviously at the request of the *Serbo-Albanian Bank*, Lale Zuber was appointed as representative of the Yugoslav party in its Managing Board.

The Bank survived in Albania, but continued to face the same problems throughout the following year. It completed the first operation period of 1926 with a minimum profit, almost entirely from exchange operations. In its report to the headquarters, it complained again about permanent lack of the cash holdings necessary for developing business operations in Albania.⁵¹ Its business interests in Albania, however, focused more and more on maintaining a steamship line on Lake Scutari and on obtaining mining concessions for copper in the region of Puka.

One of the Bank's goals, important at the moment of its founding, was to start a regular steamship line Rijeka–Vir–Plavnica–Scutari on Lake Scutari and the Bojana River. The Bank started a shipping company, *Jadransko-skadarska plovidba* (Adriatic–Scutari Shipping) and established the line, operating with state subsidies. However, not even this business ran smoothly. In March 1924, due to irregular payments of subsidies and competition with army steamships, the *Serbo-Albanian Bank* suspended the line. It was restarted only after a new agreement with the government was reached in autumn the same year.⁵² In early 1925, the problem of competition between the Bank and the Army was resolved. Namely, according to an agreement

and dollars elsewhere rather than with us". DACG, SAB (records unfiled), F. 20, Scutari branch office to the Cetinje headquarters, 24 August 1925.

⁴⁹ *Ibid.*

⁵⁰ According to Roselli (*Italy and Albania*, 35), the Yugoslav party's share was 8.4%. Besides *Beogradska zadruga*, the consortium of Yugoslav banks included Zagreb-based *Srpska banka* (Serbian Bank), Belgrade-based *Jadransko-podunavska banka* (Adriatic–Danube Bank) and the Cetinje-based *Serbo-Albanian Bank*. Of the total number of 595,000 shareholders' votes, the Kingdom of SCS had 50,000. Blagojević, "Albanska narodna banka", 81–82.

⁵¹ DACG, SAB (records unfiled), F. 30, report of the Scutari branch office to the Headquarters at Cetinje about the business results for the first semester of 1926, undated. The branch office made a profit of only 35,181 dinars.

⁵² *Ibid.*

concluded with the Navy of the Kingdom of the SCS at the end of January, the *Serbo-Albanian Bank* was granted “to exploit” a certain number of military ships, while being obliged to transport troops and military supplies at reduced fares.⁵³ The Adriatic-Scutari Shipping ceased operating in 1928, when the Ministry of Transportation ordered a merger of shipping companies in Zeta District and transferred its fleet to *Boka*, a Kotor-based shipping company.⁵⁴

Once in Albania, the *Serbo-Albanian Bank* showed much interest in obtaining certain businesses, particularly concession for copper ore deposits in Puka, near Scutari in northern Albania.⁵⁵ As the ore deposits were on the Prizren–Scutari road, of a great military and strategic interest, the motives for obtaining this concession were not only economic but also political. Therefore, the Bank’s efforts were supported by the Yugoslav government.⁵⁶

In spring 1925, immediately upon the establishment of the Scutari branch office, the *Serbo-Albanian Bank*, backed by the state, set about obtaining this concession from the Albanian government. In early May, Nikola Zuber and two mining engineers, Malicki and Rusovjan, left Cetinje for Scutari in order to explore the deposits.⁵⁷ After the initial success, however, in the second half of 1925 a slowdown ensued, reflecting the strained relations between the two countries. It was only after the border was finally drawn at St. Naum and Vrmos, and negotiations resumed, that Puka resurfaced as an issue at the interstate level in the autumn of 1925. Based on Zogu’s repeated assurances to Lazarević to the effect that “we consider this matter done”, it seemed that the only thing left to be done was the ratification of the concession by the Albanian Parliament and Senate. On several occasions, Zogu assured Belgrade via the Yugoslav diplomatic representative that the issue of Puka was resolved and that the concession would be

⁵³ *Ibid.*, F. 36, copy of the contract between the commander of the Zeta Division Zone and the management of the Serbo-Albanian Bank for the transport of troops and military material on Lake Scutari. In early 1926 the Adriatic-Scutari Shipping started the steamship line Scutari–Oboti–Ulcinj–Bar.

⁵⁴ *Ibid.*, F. 39, report of the *Serbo-Albanian Bank* Managing Board, 24 June 1929. According to the Board, the Bank invested most of its capital into Boka Company.

⁵⁵ Copper exploration in the area of Puka had been started during the First World War, in 1916, by an Albanian, Lec Borici. ASCG, Ministarstvo inostranih poslova Kraljevine Jugoslavije, Konzularno-privredno odeljenje [Ministry of Foreign Affairs of the Kingdom of Yugoslavia, Consular-Commercial Department, hereinafter: ASCG, MIP KJ, KPO], records under filing, F. II 6, II 8, Pov. no 1139, report of the diplomatic representative Dj. Nastasijević, Tirana, 10 June 1930.

⁵⁶ Avramovski, “Italijanska ekonomska penetracija”, 168.

⁵⁷ DACG, SAB (records unfiled), F. 27, copy of cable of the *Serbo-Albanian Bank* to Lale Zuber in Belgrade, 4 May 1925.

granted to the Kingdom of SCS, but months passed and the matter remained at a standstill.⁵⁸ A part in the affair was played by the British, who acted in accordance with their interests, but also by the Italians, guided by the same aspects of the matter as Belgrade, its strategic and commercial importance. It was only after the Yugoslav party promised Ahmed Zogu 25% of the value of the concession, that the procedure was continued, and in spring 1926 the contract was ratified,⁵⁹ at first by the Albanian Parliament and, in late April, by Senate.

The *Serbo-Albanian Bank* as the holder of the concession was to set up a company for the exploitation of Puka within five months, as well as to offer 40% of the shares to Albanian citizens within two months of registration. In the event of insufficient interest, however, the concession holder was required to purchase the remaining shares. Exploration was due to begin three months from the date of the establishment of the company.⁶⁰ Under Concession Contract, the holder was to pay an annual sum of 1.5 golden francs per hectare for land lease costs. The Albanian government required certain privileges once excavation should begin, and that all employees be Albanian “except experts of whom there are none in Albania”.⁶¹

In spite all efforts to raise the start-up funds, the Zuber brothers failed. Namely, once the company Copper Mines Puka was established, sometime in mid August began the two-month period set for the registration of shares. Out of the planned capital of five million gold francs divided into 200,000 shares, at the end of the defined term 120,000 shares were registered, 79,900 of which were in the hands of the Zuber.⁶² Obviously, this was insufficient, as the Bank lost the concession it had obtained.⁶³

⁵⁸ ASCG, 334-4-18, sheet 580, Pov. no 258, cable of the diplomatic representative Lazarević to Belgrade, 17 February 1926. Lazarević was suspicious of Zogu's willingness to grant the Puka concession to Yugoslavia and explained the endlessly deferred ratification by the Albanian president's desire to arouse British and Italian interest in the concession.

⁵⁹ ASCG, 310, F.I, K. Pov. no 635, report of the military representative, Tirana, 19 February 1926.

⁶⁰ ASCG, MIP KJ, KPO (records under filing), F. II 6, II 8, Pov. no 1139, report of the representative Dj. Nastasijević, Tirana, 10 June 1930.

⁶¹ *Ibid.* The holder of the concession had to pay to the Albanian state a certain part of income, as well as to “allocate 10% of the excavated or processed ore to Albania at 10% reduction of the current price on the European market”.

⁶² DACG, SAB (records unfiled), F. 33, letter of the Scutari branch office to the *Serbo-Albanian Bank* at Cetinje, 15 October 1926.

⁶³ ASCG, MIP KJ, KPO (records under filing), F. II 6, II 8, Pov. no 1139, report of the diplomatic representative Dj. Nastasijević, Tirana, 10 June 1930. Reasons for the failure should be find also in the fact that the response of the Albanians was extremely low – in

Moreover, the Bank incurred significant financial losses.⁶⁴ The concession was returned to its original holder, Borici. In June 1927 it changed hands again as its owner became an Italian marquis, Gaetano di Suni. He succeeded in establishing a company for the exploration and exploitation of Puka, *Societa Italo-Schipetare per lo Sfruttamento di Minerio Puka*.⁶⁵ Political games surrounding the Puka copper deposits became even more evident once the mine began to work. The quality and quantity of the ore could not justify interest in the mine, with the inaccessibility of deposits requiring construction of a railway as an additional disadvantage.⁶⁶

Facing numerous problems in all fields of its operation in Albania, the Managing Board of the *Serbo-Albanian Bank* decided to close its branch office in Scutari at its meeting of 1 March 1927.⁶⁷ Undoubtedly, the decision was influenced by several reasons of economic and political nature, the most important being the Bank's business failures. Most of the blame was laid on its operations in Albania, where, according to the management's estimates, the Bank had incurred losses amounting to as much as 5,631,526.56 dinars. As a result, the Bank's capital dropped from ten to five million dinars.⁶⁸ The decision to close the branch office was influenced by the news that the *National Bank of Albania* was planning a branch office in Scutari, but also

the said period they registered only 10 shares (DACG, SAB, F. 33, letter of the Skhodra branch office to Cetinje, 15 October 1926).

⁶⁴ The Bank lost 35,000 gold francs (1750 "Napoleondor") deposited with the Albanian state as guarantee for the mine (ASCG, MIP KJ, KPO (records under filing), F. II 6, II 8, Pov. no 1139, report of the diplomatic representative Dj. Nastasijević, Tirana, 10 June 1930. In the first half of 1926, up to the moment the concession was obtained, the total debt for Puka was estimated at about 8,000 *napoleondors* (c. 1.6 million dinars at the time). DACG, SAB (records unfiled), F. 30, report of the Scutari branch office to the Cetinje headquarters on business results for the first period of operation of 1926, undated.

⁶⁵ *Ibid.*

⁶⁶ Avramovski, "Italijanska ekonomska penetracija", 168.

⁶⁷ DACG, SAB, (records unfiled), F. 34, copy of a letter of the *Serbo-Albanian Bank* headquarters to the Scutari branch office, 16 February 1927.

⁶⁸ ASCG, 65-1277-2261, report of Managing and Supervisory Boards of the Serbo-Albanian Bank, Cetinje, 29 December 1927. The consulted documents do not explain how such a huge loss was incurred. It may only be assumed that, except the losses generated by Puka, a portion of this amount might have had to do with the withdrawal of the alleged government share (Ministry of Foreign Affairs) in the Bank. It is interesting that the Shareholders' Assembly of 12 June 1927 confirmed a loss of only 318,929.79 dinars (*ibid.*, operation and balance report of Managing Board of *Serbo-Albanian Bank* Cetinje for 1926). The text of the Pact in: Momir Stojković, *Balkanski ugovorni odnosi 1876-1996*, vol. II [Balkan Contractual Relations 1876-1996] (Belgrade, 1998).

by deteriorating Yugoslav-Albanian political relations in the wake of the Pact of Friendship and Security, known as the First Tirana Pact, which Italy and Albania signed on 26 November 1926. This deterioration culminated in the break-up of diplomatic relations in May 1927. The decision to close the branch office of the *Serbo-Albanian Bank* in Albania was carried out in the course of 1927.

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