

God and risk: The role of religiosity in rural banking in early 20th century Netherlands

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Abstract

What is the relationship between religion and risk? Was overt religiosity important, or was the success and failure of rural Dutch banks determined solely by the economic fundamentals of the regions in which they operated? This paper examines the origins and early development of rural Dutch cooperative microfinance banks by comparing those that operated in agricultural regions around two urban centres: The Hague and Waalwijk. Although these regions differed by agricultural specialisation, farm density and level of mechanisation, they were similar in religiosity; both contained clusters of orthodox Calvinists, liberal Protestants and Roman Catholics. The growing Dutch cooperative movement of the early twentieth century was religiously motivated and so these regions enjoyed multiple cooperative banks, each affiliated to another Christian denomination. Using original archival material gleaned from the modern decedents of these rural banks combined with contemporary published balance sheet data, this paper investigates in what ways religion mattered for their structure, conduct and relative performance. It finds that whilst religiosity mattered little for banks' structure, their conduct and relative performance were influenced to a significant extent. And in the case of Catholic banks in religiously-mixed areas, in a decidedly negative way; many Catholic bankers placed allegiance to the Catholic cause ahead of customers' exposure to risk.

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