1 Introduction

This chapter studies the historical evolution of Spain’s unlisted savings banks, or cajas de ahorros, from 1900 when their business entered a stage of rapid growth and they began mutating from charitable organizations into financial institutions, up until 1975, the final year of Francoism and the prelude to the liberalization and modernization of the Spanish financial system. Along with this introduction, this chapter comprises six further sections, devoted to the successive stages of the history of Spanish savings banks; a history shaped by political circumstances, given powerful impact of legislation on the cajas.

The second section focuses on the new financial and social activities of the cajas de ahorros from 1900 to 1920, taking the sector’s structure at the turn of the century as its starting point. The third section examines the turbulent inter-war period, beginning with Cambó’s Banking Law in 1921 and ending in 1935, on the eve of the Spanish Civil War. The sector’s growth in the 1920s led to the creation of the Spanish Confederation of Saving Banks (Confederación Española de Cajas de Ahorros or CECA), followed, during the Second Republic, by the promulgation of the Statute of Savings (Estatuto del Ahorro). This section also looks at the savings banks’ new political commitments and other features of their development in this period. The fourth section examines the savings banks’ vicissitudes during Spain’s period of economic autarky, and the financial constraints imposed by the Ministry
of Labor and the Ministry of Finance in their effort to bring the cajas’ financial and social welfare activities entirely under their control. The savings banks managed to neutralize the most interventionist of these measures, but in the 1940s and 1950s they lost their operational independence in both the financial and social spheres.

The fifth section of this chapter looks at how the new course taken by government economic policy after 1957 influenced the savings banks, enabling them to consolidate their status as financial institutions in exchange for their making their resources available to provide preferential finance to support the government’s policy goals. This required a reorganization and change of command at the Spanish Confederation of Savings Banks (CECA) to orient the savings banks’ investment policy; a change which met with resistance from some quarters. The sixth section examines the intensification of the financial constraints on the cajas, which were placed at the service of the Development Plans from 1964 onwards. To control their investments, new powers were given to the Savings Bank Credit Institute (Instituto de Crédito de Cajas de Ahorro, ICCA), which went on to become the supervisory body for the savings banks, its financial and service functions being devolved to the CECA. From that time on, the government intervened in all the savings banks’ operations, both on the deposit-taking side (by setting interest rates and controlling the authorization of “new savings accounts”) and on the investment side, by channeling their investments through increased mandatory investment coefficients. Finally, the seventh section covers the savings banks during the twilight years of Francoism, from 1971 to 1975. The most noteworthy legal change during this period, and that which shaped their future course, was that the cajas came under the supervision of the Banco de España (putting them on an equal footing, in institutional terms, with the commercial banks). The final years of Francoism also saw some important operational changes at the CECA and in the savings banks themselves, paving the way for growth once the financial sector was liberalized in 1977. The chapter ends with some concluding remarks in section eight.

2 Financial and social activities (1900-1920)

The cajas de ahorros or savings banks first emerged as charitable organizations under legislation passed in 1835. The role assigned to them was that of promoting savings among the lower classes and providing charitable lending to the neediest segments of the population through their montes de piedad, a form of charitable pawnbrokers. Initially, the law obliged all savings banks to be linked to a monte de piedad. Together with the charitable aims of the cajas de ahorros, liberal governments also granted them financial functions: thus as well as mobilizing the working class’s savings, the cajas were intended to compete with pawnbrokers and bring down the exorbitant interest charged on pledge loans. Initially the State’s involvement in the savings banks was indirect, being limited to regulating their operations and laying down guidelines for the action of their governing bodies. The State merely encouraged the creation of savings banks by private philanthropists. The Savings