

The meandering trajectories of financial innovations: commercial paper and its uses in sixteenth-century Lyon's trading networks

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This article explores the complex dynamics of financial innovation in early modern times, challenging linear models of temporal and spatial divisions that tend to shape our understanding of the evolution of financial systems. It supports the idea that innovation should be viewed as a non-linear and contextual process, involving diverse stakeholders and characterised by interactions and unexpected occurrences. The study focuses on the dissemination and trajectories of financial innovations, specifically the bill of exchange and its variation, the *ricorsa*, as well as the transferability and negotiability of commercial paper. It does so by investigating the interactions and exchanges between merchants and bankers from diverse backgrounds during the sixteenth-century Lyon fairs, using the archival records of one of the first Italian banks in Lyon (Salviati). The study reveals the mutual influence and acculturation among these agents and challenges the compartmentalisation of financial expertise. Through an analysis of transactions recorded in the Salviati bank's ledgers, the article highlights previously unknown uses of commercial paper by Southern merchant communities and discusses the factors that may have hindered the full-scale development of endorsement and discount in the Lyon trading networks, despite their potential benefits. The results provide insights into the intricate nature of financial innovation and the influence of structural and cultural factors on its development.

Keywords: financial innovation, Lyon fairs, north–south divide, commercial paper, financial expertise, *ricorsa*, assignment, endorsement, discount

JEL classification: N2, N8, O1, O3, P5

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I

Financial innovation is recognised as a driving force behind the advancement of financial systems, with the goal of establishing efficient and integrated markets characterised by seamless information flow and minimal transaction costs (North and Weingast 1989; Merton 1995; De Vries and Van der Woude 1997; McCusker 2005; Bateman 2015). Nevertheless, numerous theoretical and empirical studies have emphasised that the process of innovation should not be perceived as a linear progression towards a predetermined outcome. Rather, innovation should be understood as a complex journey characterised by unforeseen interactions between various phases and unexpected occurrences (Goldstone 2002; Duplessis 2019; Palma and Reis 2019). This dynamic progression entails contextual influences and involves a diverse range of stakeholders with various needs, engaging in collaborative efforts that blur the boundaries between participants, such as governments, financial institutions, private merchants, immigrants and pioneering thinkers from various fields (Neal 2000, 2018; Goetzmann and Rouwenhorst 2005; Poutanen *et al.* 2016; Bell and Moore 2018). Moving beyond the traditional Schumpeterian model that views innovation solely as the creation of new financial institutions, markets, or products, recent research has also emphasised that innovation, whether incremental or disruptive, involves processes of adoption and adaptation that unlock its value and potential (Bessant 2013) and lead to subsequent modifications and refinements (Neal 1991, p. 10; 2014, pp. 1–23; Baumol 2002, pp. 308–20).

Despite these efforts to deepen and nuance our understanding of financial innovation and its relationship with economic development, the evolution of financial systems in early modern times is still often interpreted as a linear process relying on strict divisions between regions lacking trade-stimulating institutions and agents skilled in complex financial instruments, and the vast hierarchical network of modern commercial and financial centres that organised European trade and fostered financial innovation. These spatial divisions (Flandreau *et al.* 2009) entail linear chronological distinctions between successive phases of the rise and decline of financial centres (North and Thomas 1973; Wallerstein 1974; Braudel 1981–4; Spufford 2006; Fratianni 2009). This powerful model of economic development has also shaped our understanding of the distribution of financial know-how among merchant communities. It is thus accepted that, in the sixteenth century, while Italian bankers engaged in long-distance operations using sophisticated financial instruments, such as the bill of exchange and shares in companies, merchants of lower status, such as the French, usually restricted their activity to a national sphere, using IOUs and bills obligatory for internal payments (Gascon 1971, pp. 266–76; Blanc 1994, p. 17; Boyer-Xambeu *et al.* 1994, pp. 39–41). Among Italian bankers, the Genoese are said to have developed more sophisticated banking techniques in Besançon than the Florentines had in Lyon (Van der Wee 1977, pp. 320–2; Boyer-Xambeu *et al.* 1994, pp. 86, 188, 195–8; Goldthwaite 2009, pp. 257, 480, 608). Notwithstanding the sophistication of Italian finance, a substantial breakthrough in the realm of

financial techniques, and a definitive step towards modern banking, is said to have come from northwestern Europe, where endorsement and discount were introduced in the exchange system (Van der Wee 1993; Goldthwaite 2009; De Ruyscher 2009) and central banks were established (Gillard 2004; Murphy 2009).¹

Economic agents of varying capacities undoubtedly operated on the European scene in the early modern period. The dominance of different merchant groups and financial centres fluctuated over time, as exemplified by the transfer of economic power from southern to northern Europe in the seventeenth century (Rapp 1975; Abulafia 2011, pp. 411–41; Malanima 2013). However, amidst this dynamic landscape, interactions and exchanges between agents from diverse backgrounds occurred, leading to processes of mutual influence and acculturation that often go unnoticed when we focus solely on tracing origins and understanding the emergence of modernity, highlighting the importance of observing these interactions for a nuanced narrative.

Using the archival records of the *Salviati*, one of the prominent banks in the sixteenth-century Lyon market (Matringe 2016), I study the dissemination and trajectories of various financial techniques, examining their application across diverse merchant communities. The sixteenth-century Lyon fairs serve as a prime vantage point for this investigation, as merchants from diverse backgrounds engaged in payment and credit transactions during the annual Lyon ‘Payments’.² At the time Lyon was a central bill market and a clearinghouse for international payments (Braudel 1982, pp. 92, 217; Ehrenberg 1896, II, pp. 69–108; Boyer-Xambeu *et al.* 1994, pp. 81–5; Goldthwaite 2009, pp. 40, 164–5). In Lyon, Italian bankers, who dominated the market,³ maintained the symbiotic relationship between public finances, private credit and commercial activities which had defined their business practices for centuries (Neal 2015, pp. 42–3), while acting mostly as financial intermediaries (Matringe 2022).

Given the international scope and commission-based structure of their business, the *Salviati* ledgers provide records of transactions occurring not only within Lyon or between Lyon and foreign markets, and between the *Salviati* and their correspondents, but also between foreign markets and among the *Salviati*’s correspondents. The transactions examined in this article support the notion that a thriving financial market could not rely on strict divisions among economic groups or a rigid

¹ Italian banking has frequently been considered relatively primitive when compared to the financial systems of its seventeenth-century Dutch and English counterparts (Lane 1937, p. 187; Usher 1943, p. 8; Van der Wee 1977, p. 321; Goldthwaite 2009, pp. 229–30; Gillard 2004; Denzel 2010, pp. 30–5; Kahn *et al.* 2016).

² On the organisational functioning of the Lyon fairs and their calendars, see Gascon 1971, pp. 237–48.

³ Lyon’s geographical location facilitated its involvement in Mediterranean and Flanders’ trades, establishing it as a significant hub for financing the Italian wars and the redistribution of American silver (Gascon 1971, pp. 47–9, 551–61; for the role of Lyon in the redistribution of the American silver see also Lapeyre 1955a, pp. 444–5). The Italians, capitalising on their financial resources, technical expertise and extensive experience within a sprawling commercial and banking network, seized opportunities and played a pivotal role in the market’s development (Gascon 1971).

differentiation in the usage of financial instruments among them. The purpose of this research is to uncover previously undisclosed or overlooked applications of commercial paper within ‘southern’ merchant networks of Italian, Spanish and French traders, and to propose explanations for the limited expansion of certain financial techniques within the same market over time, despite their perceived value in specific circumstances.

The next section shows that while French merchants regularly issued and paid inland bills of exchange, Italian merchants could use more rudimentary instruments to settle international debts. I then examine a variation of the exchange contract known as the *ricorsa* (Section III). This arrangement stands out as one of the earliest instances where bills of exchange were used as instruments for long-term credit, usually associated with public and private annuities (Munro 2003; Hoffinan *et al.* 2019). The *ricorsa* has been acknowledged as a Genoese innovation which played a pivotal role in the development of Spanish royal finances (Pezzolo and Tattara 2008) and was part of the extensive financial operations that enriched the Genoese while downgrading the Florentines in the late sixteenth century (Boyer-Xambeu *et al.* 1994, p. 96; Goldthwaite 2009, pp. 44–7). I question both the alleged Genoese origin of this use of the bill of exchange and the notion that it was credit-focused instead of payment-based. I thereby challenge the idea that it signified a heightened level of sophistication and speculation in Genoese exchange practices compared to those of the Florentines (Boyer-Xambeu *et al.* 1994, pp. 195–8; Goldthwaite 2009, p. 603).

The article then focuses on the transferability and negotiability of commercial paper, deemed essential components in the modernisation of banking. By facilitating liquidity and versatility in financial dealings, negotiable bills are considered to have amplified the efficiency of monetary systems (Munro 2003; Li 2019; Accominotti *et al.* 2021). Although the modern economy has seen a gradual fading of negotiable instruments, supplanted by electronic transfers, the fundamental idea of shifting and managing financial risk, which sparked the rise of negotiable instruments during the early modern period, still resonates in current financial mechanisms like credit derivatives and default swaps. I show that southern merchants engaged in Lyon trading networks had frequent interactions with Flemish merchants and were acquainted with assignment (Section IV) and discount (Section V) but refrained from extensive utilisation. Lastly, I discuss why endorsement and discount never developed on a broad scale in the Lyon fairs trading networks, despite their potential benefits (Section VI). Functionally, the presence of ledger-based debt transfer solutions, serving a comparable function while diminishing the need to issue commercial paper, may have been a contributing factor. Culturally, Italian business traditions, which prioritised transacting with known individuals, could have hindered the broad acceptance of ‘impersonal’ endorsement and discount backed by legal liability.⁴

⁴ On the importance of the joint liability rule for the development of trade in the early modern period, see Santarosa 2015.

Overall, the results of this study challenge the notion that the financial expertise of early modern merchants was strictly compartmentalised. Instead, they reveal the intricate and elusive contours of financial innovation, whose trajectory is often difficult to trace.

II

In sixteenth-century Lyon, high-flying merchant-bankers and financiers from Italy and Germany entered into business with merchants from Spain, Portugal and Switzerland, and with French merchants of varying stature – from the great merchant-drapers, grocers and booksellers who participated in international trade and in the city magistratures, to the peasants and small artisans who came from the nearby provinces on foot to sell their produce (Gascon 1971, pp. 169, 222–5, 369–80). To describe the interactions between these various merchant groups, historians have tended to adopt a hierarchical perspective. The thesis of French merchants' backwardness and their subordination to the Italian system of commerce and exchange was famously put forward by Gascon, who adopted Bergier's views on the Geneva fairs.⁵ According to Gascon and others after him, the technical gap between French and Italian merchants conditioned the nature of their business activity and their use of financial instruments: French merchants, specialised in the redistribution of foreign products imported by the Italians, paid for their purchases with IOUs. By contrast, the Italian bankers used bills of exchange for their international fund transfers (Gascon 1971, pp. 203–7, 266–76; Cassandro 1979; Boyer-Xambeu *et al.* 1994, pp. 17–18, 39–41). The Salviati archives provide an opportunity for a more nuanced approach to this issue. They present instances of collaborations between French and Italian merchants who engaged in exchange activities between the Castilian fairs and various French markets, including Lyon, Nantes and Rouen, as well as between Lyon and Paris. These archives also reveal that Italian merchants were not reluctant to use 'rudimentary' payment instruments when it was deemed advantageous or necessary.

While the activities of important French merchants in the south and northwest of France in the sixteenth century have previously been studied (Mollat 1952; Lapeyre 1955a, p. 123; Caster 1962, pp. 171–89), the Parisian milieu is less known. The Salviati archives not only provide evidence of the previously debated presence of prominent Italian banks in the capital during the first half of the sixteenth century⁶

⁵ According to this author, the local merchants were the 'factors of foreign merchants' (Bergier 1963, p. 260).

⁶ It was previously believed that Italian bankers, who had dominated the Paris market by the late thirteenth century, had abandoned it following the English occupation (Mirot 1930, pp. 34–7; Favier 1973, pp. 1248–50). According to De Roover, Paris only regained its status as a financial centre towards the end of Louis XIV's reign (De Roover 1968, p. 558). Limited information is available about banking in Paris from the late thirteenth to the early eighteenth century, although the presence of some Italian banks has been acknowledged (Favier 1973, p. 1250 n.; Richet 1991, p. 335).

but also offer insights into the relationships between these banks and French merchants. The Salviati had several correspondents in Paris at that time, including the Del Bene, Rossi, Manuele Riccio, Buonaccorsi and Capponi & Rinuccini. These banks facilitated cash transactions for the Salviati, involving sales made in Lyon to clients located in Paris, Tours, Orléans and Poitiers. Additionally, they managed payments related to government loans contracted in Lyon. Moreover, they handled the exchange of communications between the Roman Curia and the French court in collaboration with the Salviati.⁷ The analysis of Parisian bank accounts in the Salviati ledgers reveals that significant sums of money were involved in the Italian trade between the political hub of Paris and the financial centre of Lyon, necessitating collaboration between Italian bankers and French merchants to facilitate fund transfers between the two cities. For instance, the Rossi and Del Bene banks frequently purchased bills of exchange from French merchants such as Noël and Pierre Assézat,⁸ important woad merchants (Caster 1962), Nicolas Reillon,⁹ Nicolas Leriche,¹⁰ Sébastien Dubois¹¹ and Julien Larcher,¹² when remitting funds to Lyon. Similarly, the Salviati acquired bills issued by Lyon merchants on Parisian merchants. In the account managed by Riccardo Del Bene on behalf of the Salviati between 1544 and 1549, nearly a quarter of the remittances from Paris to Lyon, and slightly less than half of the remittances from Lyon to Paris, consisted of bills issued by French merchants and drawn on them.¹³ In the accounts managed by the Rossi on behalf of the Salviati, approximately 40 per cent of the remittances from Lyon to Paris involved bills issued by French merchants. These transactions primarily resulted in the acquisition of bills on Antwerp.¹⁴ The financial capabilities of these French merchants were by no means insignificant (Appendix 2.1.1 and 2.1.2). The Italian bankers in Paris had the ability to issue bills drawn on French merchants in Lyon, while the French merchants in Paris were able to draw bills on Italian bankers located in

⁷ Such interdependence between the Italian banks of Lyon and Paris in the first half of the sixteenth century does not support the idea of a complete substitution of Lyon by Paris a few decades later put forward by several historians (Spooner 1956, pp. 279–81; Braudel 1972, I, pp. 218–19; Kindleberger 1984, p. 95). Comparing the functioning of the firm of Salviati in the middle of the sixteenth century and that of the Parisian house of Passart & Sarrus at the beginning of the seventeenth century rather suggests a reversal of functions between the two economic centres. Indeed, just as the Salviati used their Paris correspondents to cash revenues from sales made during the Lyon fairs, Passart & Sarrus used a Lyon agent to cash the payments from their sales in the south of France (Tiffreau 2003, pp. 111–23). Such a reconfiguration of the Lyon–Paris relations would surely have been facilitated by the existence of old banking relations between the two cities.

⁸ Archivio Salviati (hereafter AS), serie I, reg. 567, fo. 244.2.

⁹ AS, serie I, reg. 567, fo. 133.2.

¹⁰ AS, serie I, reg. 570, fo. 11.2.

¹¹ AS, serie I, reg. 570, fo. 11.2.

¹² AS, serie I, reg. 567, fo. 233.2.

¹³ AS, serie I, reg. 561, fols. 12, 99, 261, 314, 363; reg. 573, fols. 74, 148, 196.

¹⁴ AS, serie I, reg. 561, fols. 12, 65, 143, 230, 333.

Lyon (Appendix 2.1.3 and 2.1.4). Hence, despite occasional displays of superiority by the Italians towards French merchants¹⁵ they still relied on the French to facilitate the circulation of money between Lyon and the capital, especially considering that the Italian network was not as extensively developed in the north of France as it was in the south. One of the Salviati's clients, Antoine Lemasson, was undoubtedly a prominent figure within the Paris mercantile elite, actively engaged in both Mediterranean and Atlantic trade and banking networks (Appendix 2.3).

While French merchants could use bills of exchange to pay for their purchases at the fairs, Italian merchant-bankers did not hesitate to use more rudimentary methods to transfer funds inside the kingdom and abroad. When the Salviati and their Parisian correspondents did not find bills of exchange or reliable exchange partners, or when exchange rates did not seem profitable, they resolved to ship specie despite the associated risks. In total, the equivalent of 41,719 *scudi di marco*¹⁶ circulated like this between the Lyon Salviati and their main correspondents in Paris, the Rossi and the Delbene, between 1544 and 1549.¹⁷ In the Salviati's ledgers, such transfers were compensated by payments made on behalf of the Salviati either to or from French merchants. Specie transfers also sometimes had a speculative aspect. For instance, the Salviati would ship specie to Paris before requesting a remittance from Paris to Lyon, or the Delbene family would ship specie to Lyon before drawing on Lyon. In these instances, differences in exchange rates led to the trading of sun crowns for a profit, which was documented as a percentage in the Salviati's ledgers.¹⁸ The Salviati also sent specie to Carcassone to import pastel – part of

¹⁵ For example, when responding to a request by their Rouen correspondent Antonfrancesco Scarfi, who was trying to put them in touch with a French merchant, the Salviati, without refusing, emphasised the need to be pedagogical with the French, as they 'often do not understand the matter of exchange' (AS, serie I, reg. 565, fo. 143v).

¹⁶ The *marco d'oro* and its subdivision, the *scudo di marco* (65 *scudi/marco*), which is the currency unit used throughout this article, were both exchange units and for the *scudi* the unit of account used at the Lyon and later Besançon fairs. They were initially created for exchange purposes by the Florentines of Lyon in 1533 (Boyer-Xambeu *et al.* 1994, pp. 73, 78). During this period, 100 French sun crowns were worth 103 *écus* and 9 *sous de marc*. Since the French sun crowns weighed 3.399 grams of gold (Felloni 1984, p. 252), the equivalent in gold of a *scudo di marco* was 3.28 grams of gold.

¹⁷ AS, serie I, reg. 573, fos. 60.2, 74.1, 74.2, 148.2, 149.2, 196.1, 196.2; reg. 559, fo. 159.2; reg. 567, fo. 160.2; reg. 570, fos. 115.2, 110.2, 291.2, 114.2, 200.2; reg. 572, fos. 8.2, 215.2, 321.2, 421.2; reg. 580, fos. 10.2, 119.2, 208.2.

¹⁸ In the mid sixteenth century, the exchange rate between *scudo di marco* and Parisian *livres toumois* in Lyon was 2.17:1. Typically, the exchange rate was lower in Paris, as Lyon provided the certain rate to Paris. Based on the Salviati ledgers, one sun crown (French gold specie) equated to 2.27 *livres* and 1.0345 *scudo di marco*, so if 100 sun crowns were shipped to Paris, the Salviati would receive 227 *livres*, and if they drew on Paris for reimbursement, they would obtain 104.61 *scudi di marco* (calculated as 227/2.17) or 101.1 sun crowns, while requesting the Parisian banks to remit the funds to Lyon would result in receiving 105.1 *scudi* (calculated as 227/2.16) or 101.6 sun crowns. When the

which they re-exported to London – and to La Rochefoucault from where they imported saffron.¹⁹

The cash was typically sent via couriers²⁰ and, less frequently, through servants.²¹ For particularly large sums, the transfer would be carried out by Leonard Spina, the governor of the Lyon bank himself, or a trusted client.²² The cash was transported in various types of pouches (primarily *gruppi* but also *sachetti*, and occasionally *ruotoli lungi*).²³ Additionally, it circulated in the form of ‘plates’ (*piastre*) or ingots concealed within cloth bags or covered in paper.²⁴ The currency included coins of diverse origins, such as French sun crowns (the most prevalent), Italian and Spanish ducats, *florin karolus* from Flanders, as well as *rose nobles* and *angelots* from England.²⁵ Although the Salviati did not appear to have taken specific measures to secure these shipments aside from concealing the species in specific packaging, the Lyon–Paris route was most likely the safest in France. This was because it served as the main postal road, frequented by government officials, military personnel and merchants, and was well organised compared to other routes (Gascon 1971, pp. 149–51).

While species transfers were commonly employed for domestic payments within the kingdom, the Italians did not always rely on bills of exchange for international transactions. As an illustration, the Rustici family from Florence, who served as the primary suppliers of luxury silks to the Salviati, frequently settled their purchases by transferring IOUs held against their French clients in Paris to the Salviati, thus covering the costs of raw silks they acquired at the fairs.²⁶ Monetised barter was also in use in the Italian community (Appendix 2.2). Finally, Italian financiers predominantly used letters of credit not involving any monetary conversion to support the voyages of clerics and diplomats throughout Europe. The Salviati’s *ricordanze* contain numerous copies of such letters, which were sent to their correspondents in Paris, Rome and Venice.²⁷ The Salviati archives thus encourage us to reconsider the notion of French backwardness and challenge the strict division between French merchants’ use of IOUs for domestic payments within the kingdom and Italian merchant-bankers’ reliance on bills of exchange for international transactions.

Salviati remitted or drew funds from Paris with a profit, they explicitly documented it in their account (see, for example, AS, serie I, reg. 561, fo. 314.1).

¹⁹ AS, serie I, reg. 560, fos. 197.1 and 197.2; reg. 573, fos. 115.1 and 115.2.

²⁰ AS, serie I, reg. 564, fos. 32r, 34v, 35r, 42v, 44v, 62r, 91v, 93r, 106r.

²¹ AS, serie I, reg. 564, fos. 42r, 63r, 123r.

²² AS, serie I, 564, fos. 44r, 80r.

²³ AS, serie I, reg. 564, fos. 32r, 34v, 35r, 36v, 42r, 42v, 44r, 44v, 91v, 123r.

²⁴ AS, serie I, reg. 564, fos. 11r, 62r. The *piastre* were also sometimes hidden in bales containing cloth (e.g. reg. 564, fo. 33r).

²⁵ AS, serie I, reg. 564, fos. 42v, 44v, 123r.

²⁶ AS, serie I, reg. 568, fos. 23.1, 113.1.

²⁷ See for example AS, serie I, reg. 563, fo. 2r.

III

It is usually accepted that the Florentine merchant-bankers, while they held complete dominance over the Lyon market and its French merchants, eventually lost their position as leaders in international finance to the Genoese bankers of Besançon. This shift in power has been attributed, at least in part, to the Genoese bankers' advances in banking techniques (Van der Wee 1977, p. 320; Boyer-Xambeu *et al.* 1994, p. 196). One notable example of such a technical advance is the *ricorsa*, a credit contract involving exchange and rechange transactions between two markets over an extended period, leading to accumulated profits from rate differentials (Bell *et al.* 2017). This development blurred the boundary between long-term credit, typically associated with fixed bonds and annuities, and short-term credit facilitated by commercial bills.²⁸ However, the distinctiveness of Genoese banking during the Besançon fairs can only be fully understood by recognising the continuation of previous practices. For instance, the *asiento*, a financing arrangement in which Genoese financiers lent money to royal officials across different parts of the empire, to be reimbursed in Spain through fiscal income, was undeniably a Genoese creation. Yet the *asiento* incorporated traditional Italian practices of interest loans to sovereigns, supported by guarantees and involving a play on exchange rates. In this section, I will focus on the use of the *ricorsa* at the Lyon fairs and explore the extent to which it may have differed from its use by the Genoese in Besançon.

First, it should be emphasised that the Florentine and Genoese bankers were in constant interaction in Lyon and elsewhere. Aside from interacting with dozens of Genoese banks established in Lyon, such as the Catteneo & Centurione,²⁹ the Centurione & Lomellini,³⁰ the Imperiale & Lercaro,³¹ the Giustiniani & De Franchi,³² or the Lomellini & Gentili,³³ the Salviani also had several Genoese correspondents in Genoa (such as the Spinola or the Di Negro & Pallavicino),³⁴ Antwerp (mostly the Spinola but also the Cibo & Giustiniani and the Gentili & Centurione),³⁵ London (De Gradi),³⁶ Rome (mainly, the Centurione),³⁷ at the Castilian fairs (such as the Interiano & Di Negro of Medina del Campo)³⁸ and in Besançon (the Imperiale

²⁸ The use of the bill of exchange as a long-term credit instrument has predominantly been exemplified in the context of widespread discounting bolstered by the joint liability rule (Santarosa 2015).

²⁹ AS, serie I, reg. 560, fos. 135, 172, 225, 272, 313, 358, 415.

³⁰ AS, serie I, reg. 560, fos. 37, 49, 77, 126, 171, 224, 272, 313, 359, 400.

³¹ AS, serie I, reg. 560, fos. 24, 48, 76, 122, 169, 224, 270, 312, 358, 413.

³² AS, serie I, reg. 560, fo. 360.

³³ AS, serie I, reg. 560, fos. 364, 413.

³⁴ AS, serie I, reg. 573, fos. 52, 148.

³⁵ AS, serie I, reg. 561, fo. 200, 327; reg. 559, fo. 389; 567, fo. 85, 144, 317; reg. 579, fo. 190v, 191r.

³⁶ AS, serie I, reg. 995, fo. 34v, 45v, 53v, 64r, 67r, 73v, 76r, 78r, 83v, 88r, 93r, 101v, 108r, 110v, 112v, 116r, 118r.

³⁷ AS, serie I, reg. 573, fo. 225.

³⁸ AS, serie I, reg. 995, fo. 99v.

Garbarini).³⁹ This constant collaboration, occasionally marked by rivalry, between the Florentines and the Genoese (alongside other Italian ‘nations’ like the Venetian and the Milanese⁴⁰) was also evident a few decades later, well into the so-called Age of the Genoese (Marsilio 2010). Hence, it is reasonable to expect that the banking practices of these merchant groups were consistently interlinked and developed in correlation over time.

Contrary to the notion that the *ricorsa* contract was a Genoese innovation (Pezzolo and Tattara 2008) ‘almost unknown’ at the Lyon fairs (Boyer-Xambeu *et al.* 1994, p. 96), evidence from the Salviati and other Lyon bankers, such as the Martelli,⁴¹ demonstrates their regular involvement in *ricorsa* operations. These operations were primarily conducted with Venice, Rome and Florence – a city where their main headquarters were situated. In the case of the Salviati, the Florence motherhouse would transfer money to Lyon on behalf of its clients, with the Lyon branch acting as the drawee and beneficiary of the bills. This transaction would be followed by an equivalent sum being exchanged in the opposite direction, with the Lyon Salviati now taking on the role of drawers–remitters. In cases where the Florence Salviati’s clients were borrowers, the Florence Salviati would draw bills on Lyon on their behalf, and the Lyon Salviati would subsequently draw a counter-bill on the Florence Salviati, who would be debited on behalf of the borrowers, thus effectively renewing their loan. This process of exchange and rechange could continue for an extended period, sometimes lasting several years. The interest accumulated was either reduced (when clients lent money) or increased (when clients borrowed money) by the commission fees charged by the Lyon and Florence banks. Although the Salviati archives do not explicitly state whether the initial agreement regarding the loan duration was prearranged, these operations align with the conventional *ricorsa* pattern.

Appendix 3.2 reconstructs such a transaction between Lyon and Florence involving Francesco Franchini, a shopkeeper from Prato, who lent approximately 100 *scudi* for a duration of seven years, earning an average annual interest rate of 5 per cent. Such remuneration of loans was consistent throughout the Salviati ledgers, while borrowing in Florence through the same modality was usually taxed at about

³⁹ AS, serie I, reg. 567, fo. 66; reg. 573, fos. 107, 169, 247, 387.

⁴⁰ The ‘nation’ was a political, economic, legal and religious association that protected the rights and established the duties of every citizen belonging to the same state (see Petti Balbi 2007).

⁴¹ See, for example, the *ricorsa* transaction carried out for the account of ‘Benedetto Busini di Firenze sopra de [Marabotto e Giovan Battista] Rustici’: ASF, Fondo Martelli, reg. 1510 (1564–7) and reg. 1539 (1567–70). Busini borrows the equivalent of 87sc., 3sc. and 2d. *di marco* (in Florentine *scudi*) from the Martelli in the summer of 1564. The sum is drawn on Cosimo Martelli at the August fair in Lyon (30 November 1564), who is also the beneficiary of the bill. Martelli then draws back the same amount (plus his commission fees) on the Martelli of Florence on December 1st, at a higher exchange rate. The draft thus makes round trips between Lyon and Florence until August 1568. Bustini ends up owing 111sc., 15s. and 9d. to the Martelli, who have thus made an average annual profit of 7%.

7 per cent.⁴² Both rates align with the offerings of social assistance institutions in Florence turned into public banks, including the orphanage of the Innocents, the Santa Maria Nuova hospital and the *Monte di Pietà* (Menning 1993; Sandri 2001; Fubini Leuzzi 2005). However, the level of competition between public banks and private banks in Florence remains unclear.⁴³

The *ricorsa* contract's innovative nature has often been linked to its seemingly speculative nature and the perceived autonomy of the Besançon fairs from commodity trading (Boyer-Xambeu *et al.* 1994, p. 86; Pezzolo and Tattara 2008). However, Mandich's pioneering study on the *ricorsa*, which is based on primary sources, presents an ambiguous perspective on this matter. On one hand, Mandich asserts that in markets where the *ricorsa* was practised, the official exchange rate list (*conto*) was solely determined by banking considerations from a select group of bankers (Mandich 1953, pp. 57–8).⁴⁴ On the other hand, Mandich mentions that only a minority of the Genoese exchange transactions in Besançon were purely financial and unrelated to merchandise trade (Mandich 1953, p. 108). Mandich further emphasises that the remaining balances held by Genoese bankers at the end of the fairs, which did influence the fixation of exchange rates (although not explicitly stated by Mandich), were primarily the result of transactions with markets where commodity trade played a significant role (1953, p. 109).

While there is no doubt that the bankers who determined the *conto* would have sought to favour the interests of lenders–remitters, the extent to which their decision-making may also have been influenced by considerations related to trade balances is unknown. Furthermore, Mandich's observations regarding the purpose of exchange transactions and the impact of commodity trade on fair balances support the notion that disconnecting the fixation of the *conto* from merchandise flows is unjustified, even in the case of the Genoese fairs in Besançon.

In the case of Franchini's deposit, the Salviati deviated from the Lyon *conto* – which I was able to find for five fairs in the copies of letters sent – during at least three fairs (Appendix 3.2). If the interest rate on *ricorsa* transactions had solely determined the official exchange rates with Florence, those rates would have been as high as the private rates applied to the remittances made on behalf of Franchini. However,

⁴² See, for example, the one-year loan granted by the Florence motherhouse to Lorenzo Mazinghi at the rate of 7.2% (AS, serie I, Lyon register: 567, fos. 62, 124, 198, 297; Florence registers: 831, fos. 215; 835, fo. 171).

⁴³ Goldthwaite (2009, p. 441) asserts that the banking role of charitable institutions flourished due to the limitations faced by private banks in securing capital from emerging classes like affluent artisans, among others, and their general reluctance to extend credit to individuals outside the merchant-banker circle. Nevertheless, the Salviati ledgers indicate frequent instances of lending to lower-class merchants and artisans, leaving me uncertain about the extent to which this practice was unique to their bank.

⁴⁴ Boyer-Xambeu *et al.* endorse Mandich's viewpoint, asserting that, from a theoretical standpoint, supply and demand did not influence the determination of the *conto* (Boyer-Xambeu *et al.* 1994, p. 104).

the substantial influx of imports from Italy may have exerted downward pressure on exchange rates. Not only did the profitability of *ricorsa* transactions in Lyon partly depend on balances of trade. *Ricorsa* transactions themselves were often connected to payments from the commodity trade. Even if just one party involved (directly or indirectly) in an exchange transaction wanted to make a payment for merchandise, the operation ceased to be purely financial in nature. For instance, when the Florence Salviati remitted funds to Lyon on behalf of Franchini, they frequently purchased bills from silk exporters at the Lyon fairs, such as the Capponi, Gaddi and Panciaticchi. Similarly, when the Lyon Salviati issued counter-bills on Florence, they often took the opportunity to remit funds on behalf of their merchandise suppliers, such as the Rustici, Buondelmonti for luxury silks, or furriers from Pistoia like the Ricciardi.

These examples highlight the importance of exercising caution and avoiding the tendency, observed in certain instances (Goldthwaite 2009, p. 440; Maixé-Altés and Iglesias 2009), to disconnect fund transfers associated with commodity trade from local banking activities. Contrary to some arguments put forth (Spufford 1986, pp. xl–xliii; Boyer-Xambeu *et al.* 1994, pp. 140–1), the dichotomy between instrumental and speculative exchange cannot hold as a rule. The identification of purely financial exchange transactions, whether in the form of *ricorsa* or other dry exchanges (De Roover 1944), can only be established by examining each transaction in detail over time. Based on Mandich’s insights and the Salviati archives, it appears that *ricorsa* transactions were less exclusively credit-focused than previously believed. Rather they serve as evidence for the enduring connection between trade and credit since medieval times (Bell and Moore 2018), therefore emphasising the presence of continuity within change. This holds true regardless of whether the transactions took place at hybrid commodity–exchange fairs like Lyon or purely exchange-focused fairs such as Besançon, Piacenza or Verona. The Salviati (and Martelli) archives also attest that it would be incorrect to consider the *ricorsa* a Genoese innovation. It is more likely that this exchange practice flourished at the Lyon fairs, although it may not have originated there. Unfortunately, the limited availability of archives from the medieval Champagne fairs prevents tracing the *ricorsa* further back to that time period.

Apart from the *ricorsa*’s alleged greater sophistication compared to the Florentine exchange in Lyon, Van der Wee also argues that the clearing method was more efficient at the Besançon fairs due to the mutual offsetting achieved through the sale and purchase of bills on foreign markets (Van der Wee 1977, p. 321). However, the Salviati fair ledgers demonstrate that such a clearing method was equally developed in Lyon, alongside *rescontre*,⁴⁵ and these two clearing techniques were frequently used in combination. Once their mutual balances for the bills to be paid and cashed were cleared, and after exploring all *rescontre* possibilities, Lyon bankers often

⁴⁵ On this typical fair clearing mechanism and its historical evolution, see Bömer and Hatfield 2017.

issued new bills to settle the remaining balances.⁴⁶ Van der Wee (1977) also highlights the Genoese capacity to anticipate and orientate fund transfers in their favour and minimise transaction costs through speculation on exchange rates. These practices, again, had been typical of Italian banking since the Middle Ages. It remains unclear how the Genoese eventually improved or extended them in any way.

IV

While the Florentines are supposed to have been technically downgraded by the Genoese, it is suggested that Flemish merchants gained a significant advantage in financial techniques during the early seventeenth century by introducing the transferability and negotiability of bills (Van der Wee 1963, p. 1082; 1977; Goldthwaite 2009, pp. 229–30). Yet such practices were not unfamiliar in southern Europe. Economic historians have long discovered evidence of assigned bills of exchange in the archives of Italian and Spanish companies dating back to the fourteenth and fifteenth centuries (Teja 1936, I, p. 114; Lapeyre 1955b; Melis 1958). Additionally, in the late sixteenth and seventeenth centuries, deposit certificates from public banks in Naples circulated locally through successive endorsements (Costabile and Nappi 2018). In this section I examine the assignment practices employed within the Lyon trading networks, before delving into discounting practices in the next section.

Apart from *rescontre*, the most common form of assignment involved the issuer or beneficiary of a bill requesting the Salviati, through written order, to debit or credit the value of the bill in the account of a third party instead of their own (see Appendix 4.1). The value of bills could also be assigned to a third party by the beneficiary. This practice of assigning due bills has been observed in Italian merchant networks as early as the fourteenth century (De Roover 1953, pp. 137–8). As Van der Wee points out, such transfers of the value of due bills did not facilitate their circulation outside the bank (Van der Wee 1993, p. 160).

While bills could be assigned retroactively to third parties in the banker's account, some bills also included a priori assignment clauses that mentioned potential proxy and alternative beneficiaries. These clauses were sometimes in the form of open orders (see Appendix 4.2.1–4.2.5), which functioned similarly to blank cheques, allowing the drawer to designate the bill as payable to whomever the remitter would specify.⁴⁷ In the case of open orders, the remitter could also choose the

⁴⁶ See, for example, the account of the Lyon bank Gabrielli & Passelli in one of the Salviati's fair ledgers (I, 560, fo. 6). Gabrielli & Passelli's negative balance at the end of the August fair of 1544 is settled partly via *rescontre* (*per loro ... da ...* transactions, credit side of the account), partly by the sale of four new bills of exchange on Florence to the Salviati (*fazione lettera per Firenze ...* debit side), while the remaining balance is paid in cash (200 *scudi* paid for Gabrielli & Passelli by Philibert Maréchal, debit side).

⁴⁷ De Roover cites an example of such a clause applied to a letter of credit in fifteenth-century Florence (De Roover 1963, p. 137).

drawee of the bill (see Appendix 4.2.2–4.4.4), implying an agreement with the drawer. The second type of assignment clause explicitly mentioned the names of alternative beneficiaries (see Appendix 4.2.6), while *in absentia* clauses designated a proxy beneficiary who would be paid in case the preferred beneficiary was absent and could also be the drawee of the bill (see Appendix 4.2.7). Additionally, mentions of procurations sometimes appeared on bills payable to a specific beneficiary ‘or whomever would have his procuration’ (see Appendix 4.2.8–4.2.14). As indicated in some of the entries, the procuration was an actual document presented by the proxy beneficiary at the bank (Appendix 4.2.9 and 4.2.10). In Antwerp during the same period, assignment notes were attached to IOUs upon transfer (Van der Wee 1977, p. 327). The Salviati archives do not reveal whether the procurator acted as the creditor of the original beneficiary, which would imply that the ‘procuration’ was, in fact, an assignment.

Overall, transferable bills consistently involved merchants engaged in Atlantic trade as drawers or drawees, such as Spanish merchants in Nantes and Rouen, Genoese and Spanish merchants active at Castilian fairs, and Portuguese merchants in Antwerp. I have not come across instances of assignment clauses applied to bills of exchange circulated among Italian merchants operating in the Mediterranean space. This suggests that French, Spanish and Genoese merchants involved in these transactions might have adopted such practices through their interactions with Flemish merchants. The presence of *absentia* beneficiaries and procurators can also be observed in the Martelli ledgers a few decades later, involving merchants settled in Castile.⁴⁸

To a lesser extent, the Salviati archives also contain a few examples of IOUs and bills obligatory with a bearer’s clause, which rendered procuration unnecessary. The inclusion of a bearer’s clause was a characteristic feature of the Flemish financial system and has been considered as the catalyst for the development of endorsement in the northern regions (Van der Wee 1963, pp. 340–8; 1977, pp. 322–32). Instances found in the Salviati archives pertain to internal payments between Paris and Lyon, as well as transactions involving Italian and French merchants engaged in Mediterranean trade, along with a Lyon nobleman named François Rousselet (see Appendix 4.3). It becomes challenging to ascertain the extent of Flemish influence in such cases. However, the fact that even Rousselet could issue a bill payable to the bearer suggests that the bearer’s clause was indeed well known within the Lyon fairs. It is possible that this practice emerged simultaneously in various regions of Europe, although it did not attain widespread usage in the south.

Further indications regarding this time *drawers* of bills of exchange suggest that bills could be assigned. In such cases, formulations referred to the underwriting of bills by a third party who assumed the role of ‘principal debtor’ (see Appendix 4.4). The standard formula employed in these instances, *alla sottoscrizione di*, indicates that the name

⁴⁸ ASF, Carte Stroziane, V, reg. 1508, fo. 33 (‘Gian Paulo Visconti and in his absence, the D’Adda’) and fo. 70 (‘Guido Cusani or his procurator’).

of the guarantor, who was obligated to pay in the event of the drawee's default, appeared below (*sotto*) that of the drawer. Underwritten bills were commonly used in Brabant. According to the customs of Antwerp, the guarantor who undertook the role of the principal debtor would be pursued for payment, even if the drawee was solvent (De Longé 1879, pp. 55–7). Once again, the examples found here involved bills issued by Spanish, French and Genoese merchants on the Castilian fairs or Paris. By contrast, in exchanges between Lyon and Italian markets, guarantees took the form of *sopra di* accounts, where all bills drawn on a banker by a risky or distant client or their agents were guaranteed by a trusted correspondent, whose name was included in the account title (for example: 'Vincenzo Cellesi sopra di Piero Cellesi & Ci di Pistoia' for bills drawn for Vincenzo on Lyon and guaranteed by Piero Cellesi & Ci).⁴⁹

Underwriting in certain cases could signify assignment. The underwriter would request a creditor to draw a bill on one of their correspondents abroad for reimbursement, which the underwriter would then sign to ensure its acceptance overseas. This is suggested by the language used in the entries (see Appendix 4.4.4) and the structure of some transactions (see Appendix 4.4.5). The format of underwritten bills sometimes resembled endorsement, as guarantees were occasionally written on the back of bills. Guarantees on the back of bills were customary in sixteenth-century Antwerp (Van der Wee 1963, p. 348 n. 78). Instances of this practice have been discovered in the account of Lyon merchants Cornut & Chabaud (see Appendix 4.4.6) concerning bills drawn on Rome. In addition to the Salviati's signature on the back of the bills, other elements are reminiscent of an endorsement by the drawer. The receipts issued by the Della Casa after the payment of these bills were sent to the Salviati, not to the original drawers, Chabaud & Cornut. Furthermore, since the Salviati's proprietary (*nostro*) account with the Della Casa is credited in the Salviati's ledgers, it implies that the account held by the Della Casa on behalf of the Salviati (Salviati's *vostro* account) was debited in the Della Casa's ledgers, rather than a potential account opened in the name of Chabaud & Cornut. In this case, underwriting served a function similar to endorsement.

These examples further reinforce the notion, as previously emphasised with regards to maturities (Bolton and Guidi Bruscoli 2021), that bills of exchange did not adhere to strict formatting as one might anticipate prior to the widespread adoption of endorsement and discount. Resort to alternative beneficiaries, procurations and guarantees all served functions akin to endorsement.

Lastly, the Salviati archives provide examples of direct transfers of IOUs and bills obligatory. As previously mentioned, the Salviati's suppliers of luxury silks occasionally settled their debts for purchases of raw silk at the Salviati bank by presenting unmatured IOUs from their French clients (Appendix 4.5.1). However, such cases were atypical, and the transfer of IOUs appeared to be less common in Lyon than

⁴⁹ AS, serie I, reg. 567, fos. 49, 107, 185, 281.

in Rouen, where trade relied heavily on the Low Countries, and such transfers helped alleviate the prevalent cash shortage (Mollat 1952, pp. 389–90). In Lyon the transfer of bills obligatory was also infrequent and necessitated the presence of a notary (Appendix 4.5). The Salviati archives do not provide information regarding the legal protection of the assignee. Only if the original IOU/bond holder remained liable for payment would these transactions amount to endorsements. The requirement of a legal seal to transfer bonds outside the bank, as observed in Rouen (Bottin 1988, p. 984) and Amiens, where transfers were recorded by a municipal tribunal (Pelus-Kaplan 1989, pp. 109–10), suggests that such practices were not as widespread in France as they were in Flanders, England and Germany (Holden 1955; Jeannin 1991, pp. 110–12; Rogers 1995).

The Salviati records thus confirm that the assignment of unmatured commercial paper outside the bank was not widely practised within the sphere of the Lyon fairs. However, they also reveal that other assignment methods, including assignments within the bank and indirect mechanisms of debt transfer such as the use of procurators and guarantees from principal debtors, were regularly employed. While special clauses primarily concerned Franco-Hispanic and Hispano-Genoese networks involved in the Atlantic trade, the actual instances of commercial paper transfers involved Italian merchants. This demonstrates that Italians were not limited to internal bank transfers confined within their own ledgers, as has sometimes been suggested (Van der Wee 1977, p. 328), and could adopt the ‘Flemish’ way of assignment when convenient. This is further corroborated by the existence of an assignments book in the archives of the Salviati Antwerp bank (Appendix 1.1.3). Examples of modern endorsement, understood as the successive transfers of unmatured bills by jointly responsible endorsers – which had not yet developed in Antwerp – have so far not been found in the Salviati archives for this period.

V

The Salviati archives also provide valuable new insights into the use of discounting among southern merchants during the first half of the sixteenth century. According to De Roover’s classic study on the history of the bill of exchange, modern discounting, understood as the cession of commercial paper to a third party before its payment term for an amount lower than its nominal value, originated in seventeenth-century England and subsequently spread to the continent in the eighteenth century (De Roover 1953, p. 119). More recent research by Steel (2012) and Moore (2013) has unearthed evidence of discounting of tallies by Italian bankers in the receipt rolls of the English Exchequer as early as the fourteenth century. It has also been shown that discounting bills obligatory became common practice in Antwerp at the end of the sixteenth century (Van der Wee 1963, pp. 349–52), positioning Antwerp as the centre of innovation from which this practice gradually spread throughout Europe (Jeannin 1991, p. 111).

In the sixteenth century, the term ‘discount’ in commercial language often referred to a reduction in price granted to a debtor who repaid a debt before its due date (De Roover 1953, p. 119). Such transactions frequently appear in the Salviati registers,⁵⁰ where I have also encountered an example of modern discount involving an assignor and an assignee (Appendix 4.6). The assignee, Jean Camus, was a prominent merchant in Lyon known for his specialisation in importing spices and wheat from Flanders (Gascon 1971, p. 373). It is possible that his familiarity with discounting originated from his interactions with Flemish merchants. When it comes to the Salviati, who were also involved as assignors by proxy in the transaction, we have seen that they had a branch in Antwerp. It is worth noting that at the time of this transaction (1547) discounting is believed to have been in its developmental stage in Antwerp (Van der Wee 1977, pp. 329–30).

The Salviati archives contain more numerous examples of ‘in-book’ discounting. During the 1540s and 1550s, as the credit of the royal government deteriorated, the Salviati increasingly discounted shares held by their clients in government loans. Instead of transferring the interest-bearing bonds, often issued in the Salviati’s name by the king and his agents, to third parties, the Salviati simply transferred old shares within their ledgers to new clients or other Lyon banks when a client wished to exit the loan (Appendix 4.7). The original creditor’s loss of interest was determined by the remaining time until the bond matured. The Salviati referred to these tradable shares as ‘slots on the king’ (*piazze sul Re*). This form of interbank and intrabank discounting was facilitated by the extensive networks of clients maintained by Italian banks and the mutual trust between them, obviating the necessity of bond transfers. Although these discount transactions hinted at the emergence of a secondary market, they remained within the (international) network of clients of the Lyon banks.

The Salviati archives also feature instances of anticipated payment of bills of exchange, a phenomenon previously observed in the Fugger archives by Van der Wee (1963, p. 349). While these transactions cannot be directly equated to modern discounting, they involve a concept of interest lost. The examples I have found pertain to bills that were protested by the drawee and subsequently accepted for payment by the Salviati ‘for the honour’ of the drawer (Appendix 4.8). Several elements distinguish these transactions from discounting in its modern sense. Firstly, the original drawees were no longer obligated to pay the value of the protested bills to the Salviati upon maturity.⁵¹ Secondly, the interest rate applied to these transactions, which aligned with the *deposito* rate, did not impact the value of the bill in the accounts and disadvantaged the drawer rather than the beneficiary. Nonetheless, the anticipated payment of bills by a third party, different from the designated payor, in

⁵⁰ See, for example, the 1% prime that the Salviati grant themselves for the one month anticipated payment of a bill drawn on them from Marseille (AS, serie I, reg. 561, fo. 155.2; reg. 559, fo. 313.1).

⁵¹ AS, serie I, reg. 560, fos. 173.1, 207.1, 246.1.

exchange for a percentage of the bill's value exhibited shared structural similarities with discounting. Examples of anticipated payments by an alternative payor were also observed in relation to letters of credit (Appendix 4.8.3). However, in this case, the profit deducted from the beneficiary's account did not align with the *deposito* rate. Instead, it resembled a fee charged for operating outside the designated payment period, similar to the fees merchants had to pay when buying and selling silks between fairs,⁵² rather than a commercial discount.

These examples show that various forms of discounting were in use at the Lyon fairs. While the discount of IOUs involving Jean Camus can be related to the effect of a Flemish influence, intrabank discounting, as well as the anticipated payment of bills, seemed well grounded in Italian practice.

VI

This brief excursion into the Salviati archives sheds some light on the previously disregarded flexibility in the use of commercial paper in southern Europe. The various examples presented here demonstrate that a strict categorisation of merchant groups and their corresponding uses of financial instruments are incompatible with a dynamic financial market which relied on a necessary collaboration between merchants of various social and 'national' backgrounds. First, I showed that the French merchants were not ignorant of the art of exchange, and that the Italians did not hesitate to use 'primitive' instruments such as IOUs to settle international debts. Second, the *ricorsa* practice at the Lyon fairs led me to question the idea of a greater sophistication of the Genoese exchange system in Besançon. Third, this article has showed that various forms of assignment and discount, including their most 'Flemish' versions, were in use in the southern commercial networks. IOUs, bills obligatory and bills of exchange were sometimes paid to a third party other than the original beneficiary, with or without a procuration. Examples of the bearer's clause have also been found in the Salviati archives. Furthermore, guarantees on bills of exchange, which were frequent among the French, Spanish and Genoese merchants settled in Castile and in northwestern Europe, could be used by drawers to recover a claim on their debtors. Bill transfers outside banks, however, required the intervention of a notary.

Thus, while it is certainly possible to distinguish an economic area where certain financial techniques became widespread from one where their use remained limited, the question of the origins of financial innovation, and of the reciprocal influences of various merchant groups on one another, is more difficult to disentangle. It is still not clear whether transferability developed *sui generis* in the north, as is suggested by Van der Wee (1977, p. 323), or whether previous contacts with the Italians, who had already issued bills payable to someone other than the original beneficiary since medieval times, played a role in the process. When it comes to sixteenth-century

⁵² AS, serie I, reg. 568, fos. 14.1 and 14.2.

Lyon, some assignment practices can be related to the effect of a Flemish influence, but that is not always the case. It is also important to acknowledge the possibility that, just as Italian bankers were willing to assign and discount commercial paper when convenient, Flemish bankers of later periods may have also engaged in the assignment and discounting of debts at an intrabank level, without transferring bills. Only further research into the archives of Flemish banks would enable quantifying the prevalence of different banking practices within them.

The main difference between Italian and Flemish banking, as can be inferred from the Salviati archives, concerns the scope of the transferability and negotiability of commercial paper, rather than the technical expertise of economic agents. This raises the question as to why such practices did not scale up in the Mediterranean space or specifically in Lyon. Although the answer remains speculative, certain characteristics of the Lyon market structure and Italian banking are worth noting. The notion that innovation, both in a general sense and specifically in the realm of finance, is context-dependent has previously been emphasised (Epstein 2000, p. 49; Murray 2005, p. 177; Neal 2015; Bell and Moore 2018). In Lyon, the limited use of endorsement and discount did not necessarily hinder the circulation of credit. This was due to the availability of various solutions, primarily ledger-based, for transferring debts employed by Italian bankers who often operated on a commission basis. Besides the *rescontre* mechanism for bill settlement, Italian bankers also engaged in multilateral clearing at the time of bill issuance. This involved pooling ledger debts and netting them through compound bills (Matringe 2022). Chains of commission, evident in several accounts (Matringe 2022), also allowed for longer debt transfers than traditional exchange transactions involving only four parties.⁵³ Overall, the presence of a tight network of fair banks who were all in account with one another in Lyon as in Castile (Carande 1965, pp. 324–41) enabled clients to easily transfer and settle debts between them without having to transfer bonds.

In terms of early debt repayment with interest, Lyon facilitated this process through its deposit system, which allowed merchants to postpone payment on bills of exchange drawn on them from abroad or to acquire bills on foreign markets without requiring provisions (Matringe 2017). As discussed earlier in this section, the discount rates for off-bank bills and bond transfers were aligned with the *deposito* rate. Merchants who borrowed from the deposit market did not require credit from others, only an active account with a Lyon bank. Undoubtedly, the structure of the fair market with its concentration of transactions during the four annual Payments facilitated multilateral in-bank clearing. In a place of *cambio aperto* like the Antwerp stock exchange, where bills were traded year-round, debt transfer and discounting through bonds may have provided greater flexibility. Previous studies have suggested a correlation between the decline of early modern fairs and their clearing mechanisms

⁵³ For instance, a bill drawn on A by B on behalf of C for his 'separate account for D at the order of E' facilitated the transfer of D's debt to E through C and B, ultimately reaching A.

and the widespread adoption of endorsement (Schneider 1989; Brübach 1994). This functional similarity between the two systems, along with the Italians' familiarity with endorsement and discounting, suggests that the limited use of these practices in Lyon was attributable to a perceived lack of necessity rather than unfamiliarity.

A second factor that may have influenced these different approaches to debt transfer between Italy and Flanders relates to their respective business cultures. One notable distinction lies in the 'insider' nature of Italian business, despite its wide-ranging influence, as opposed to the possibilities of disintermediation and 'open access' finance offered by the Flemish system and its governance structure. Italian bankers demonstrated a preference for conducting business with individuals they knew, be it through trusted recommendations. This preference is evident in the close solidarity among fair banks and the Italian practice of using guarantees from trusted correspondents to accept bills from new clients through *sopra di* accounts. A glimpse into the directories of the Florentine banks' ledgers kept in the Archivio di Stato of Florence reveals that the network is dominated by well-known Florentine names. Goldthwaite has previously emphasised the persistence of medieval corporatism and the significance of personal connections in the Florentine world of capitalism (Goldthwaite 1987, pp. 23–4; 2009, p. 463). Reciprocity, which entailed a degree of personalisation of business relations, has also been consistently emphasised as a core value in Italian business practices (Dahl 1998; Padgett and McLean 2011; Court 2018). Therefore, it is not surprising that Italian networks maintained their reliance on community-based arrangements, emphasising shared values and shared economic interests, to cultivate trust (Dahl 1998; González de Lara 2008; Padgett and McLean 2011; Court 2018), at a time when northwestern Europe, where IOUs had freely circulated from hand to hand since the Middle Ages, made greater use of public legal and financial institutions (Neal 1994; North 1996). This is not to suggest that Flemish, English and Dutch merchants completely disregarded personal connections in their business dealings, or that values such as honour and reputation had no significance for them, but it is plausible that these factors played a relatively smaller role in facilitating seamless exchanges compared to their Italian counterparts.⁵⁴

In conclusion, the decline of the Lyon fairs, caused by monetary disorders and religious conflicts (Gascon 1971), undoubtedly had an adverse effect on Italian business in the south, at least temporarily, by the end of the sixteenth century. However, the limited resort to endorsement and discounting of commercial paper in this region can be attributed to other factors. Despite the Italians' familiarity with these techniques since medieval times and their possession of extensive networks, they voluntarily opted for not using them extensively during the golden age of the Lyon fairs. The

⁵⁴ It should also be noted that in case of commercial dispute, despite their preference for arbitration, the Italians did not hesitate to turn to tribunals such as the *Mercanzia* of Florence as a last resort (for examples ranging from the early fourteenth to the late sixteenth century; see Maccioni and Tognetti 2016).

structure of the Lyon market and the foundations of Italian business culture most likely influenced this decision.

The role of cultural shifts in propelling economic expansion and innovation has been recognised for some time (Mokyr 2017), with democratisation emerging as a crucial long-term factor (Gerring *et al.* 2005). This suggests that Italians may have overlooked the potential to bring a creative democratic change to their financial structure because of entrenched corporatist tendencies. Such missed opportunities might be one of the reasons for their diminished sway and the rise of the comparatively more ‘inclusive’ Dutch and British trading communities (Grassby 2002; Gelderblom 2013) in the seventeenth and eighteenth centuries.

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Appendix 1: Archival sources referenced in this study

1.1 Archivio Salviati (AS), prima serie, libri di commercio

The Archivio Salviati is located in the Scuola Normale of Pisa. The Salviati were one of the first families in Florence and one of the first banks in sixteenth-century Lyon (Gascon 1971, pp. 214–16; Hurtubise 1985). I have used the Salviati's ledgers (*libri grande*, *libri di committenti* and *libri di fiere*) to scrutinise the accounts of their main commercial partners and clients in France and abroad. While the *libri grande* or general ledgers contain the Salviati's proprietary accounts, the *libri di committenti* contain the commission accounts of foreign correspondents and the *libri di fiere*, the accounts of local banking partners at the Lyon fairs.

Punctual incursions into other types of records, such as the copies of letters sent (*copia lettere*) and the *ricordanze*, where payment transactions were recorded in greater detail, have helped me clarify the nature and motivation of some of the transactions that are discussed in the article. I have occasionally referred to the archives of another important Lyon bank, the Martelli, to show their involvement in the same type of operations.

1.1.2 *Averardo e Piero di Alamanno di Averardo Salviati & Ci del banco in Lione*

- Register 555: *Libro di committenti segnato R*, 1542–1544.
 Register 559: *Libro di committenti segnato S*, 1544–1545.
 Register 560: *Libro di fiere segnato S*, 1544–1546.
 Register 561: *Libro verde debitori e creditori segnato S*, 1544–1547.
 Register 563: *Libro di ricordanze segnato S*, 1544–1547.
 Register 564: *Entrate e uscite corregie verde segnato S*, 1544–1547.
 Register 565: *Copie di lettere*, 1544–1547.
 Register 567: *Libri di committenti secondo segnato S*, 1545–1546.
 Register 568: *Libro di draperia segnato S di debitori e creditori*, 1545–1549.
 Register 570: *Libri di committenti terzo segnato S*, 1546–1547.
 Register 572: *Libro di committenti segnato T*, 1547–1548.
 Register 573: *Libro pagonazzo di debitori e creditori segnato T*, 1547–1549.
 Register 577: *Libro di ricordanze segnato T*, 1547–1549.
 Register 579: *Copie di lettere*, 1547–1549.
 Register 580: *Libro di committenti secondo segnato T*, 1548–1549.
 Register 586: *Libro di committenti rosso segnato V*, 1549–1550.
 Register 589: *Libri di committenti bianco segnato X*, 1550–1551.
 Register 590: *Libro di fiere bianco segnato X*, 1550–1551.

1.1.3 *Averardo di Alamanno Salviati & Ci del banco in Anversa*

- Register 995, *Copie di lettere per fuori d'Italia*, 1542–1544.

1.1.4 *Averardo e Battista di Alamanno Salviati & Ci del banco di Firenze*

- Register 820: *Libro grande dore di debitori e creditori segnato G*, 1542–1544.
 Register 830: *Libro grande di debitori e creditori segnato H*, 1544–1546.
 Register 835: *Quaderno di cassa verde*, 1545–1546.
 Register 840: *Libro grande di debitori e creditori segnato I*, 1546–1548.
 Register 848: *Libro grande verde giallo di debitori e creditori segnato K*, 1548–1550.
 Register 859: *Libro grande bigio di debitori e creditori segnato L*, 1550–1552.

1.2 *Archivio di Stato di Firenze (ASF), Carte Strozziiane, Serie V, Fondo Martelli*

- Register 1508: *Libro di debitori e creditori di Cosimo di Luigi Martelli di Lione*, 1562–1570
 Register 1510: *Libro di committenti di Carlo e Cosimo Martelli & Ci di Lione segnato A* (1564–1567)
 Register 1539: *Libro di committenti di Carlo e Cosimo Martelli & Ci di Lione segnato B* (1567–1570)

Appendix 2: Financial practices of French and Italian merchants

2.1 *Inland bills of exchange involving French merchants*

2.1.1 At the King's fair of 1544, the Salviati remit 1,526 sun crowns to Paris via a bill of exchange of Humbert Faure and Antoine Bonin on Jean Le Gay (AS, serie I, reg. 561, fo. 99.1). The sun crown (*écu au soleil*) was the French national gold currency. It weighed 3,399 grams (Felloni 1984, p. 252).

2.1.2 In May 1546, the Salviati transfer to the Del Bene of Paris sums that Charles V has remitted from Spain for his sister Eleonore of Austria, the queen of France. Most of these transfers are performed through bills that Lyon merchants draw on their Parisian correspondents. Thus, 2,500 crowns are drawn by Nicolas Le Riche on Denise Labret, Jean Le Riche's widow, and 1,000 crowns were drawn by Jean Boucher le Jeune on Charles Germain (AS, serie I, reg. 561, fo. 261.1).

2.1.3 On 12 December 1544, the Del Bene pay 53 sun crowns to the Salviati via a bill drawn on Nicolas Dupré of Lyon (AS, I, reg. 561, fo. 99.2).

2.1.4 On 14 March of the same year, Jean-Baptiste d'Auvergne, the king's argentier, draws 200 sun crowns on the Bini & Strozzi firm in Lyon. The Rossi, who are the remitters in this transaction, are repatriating in Lyon revenues from the sales of silk cloth that the Salviati have previously made at the fairs (AS, I, reg. 561, fo. 65.2).

2.2 *The use of monetarised barter by Italian merchants*

2.2.1 At the Easter fair of 1545, the Salviati exchange Southampton cloth and Siberian sables bought by Gilbert Compere, a Flemish merchant, against oriental myrrh and aloes loaves (AS, serie I, reg. 561, fo. 121.2),

2.2.2 In September 1546, the Salviati load kerseys onto a ship for Alexandria, where the cloth was to be bartered against spices (AS, serie I, reg. 561, fo. 298; I, reg. 573, fo. 52).

2.3 *Antoine Lemasson*

Among the Salviati's Parisian clients, one attracts attention due to the intense exchange activity carried out for his account: Antoine Lemasson. Lemasson invests on the Lyon deposit market thousands of crowns transferred on his behalf from Florence, and instructs the Salviati to remit on Venice, Antwerp and Medina del Campo, on his behalf, while also being the beneficiary of several Venice and Antwerp remittances to Lyon (AS, I, reg. 559, fos. 44, 115, 170, 288). The Salviati archives therefore confirm that in the sixteenth century there existed a small French aristocracy of businesses involved in international trade and familiar with the art of exchange.

Appendix 3: A *ricorsa* transaction between Lyon and Florence

Below is an example of a deposit of 99 *scudi* and 5 *soldi di sole* by Francesco Franchini, a Prato shopkeeper, in the Salviati bank of Florence in 1543, renewed 30 times during seven years at an average annual rate of 5 per cent.

The correlation between the rate spread and the subsequent growth of capital is visible in Figure A1, especially in January 1546 and September 1549. The 110 Italian crowns remittance made at the beginning of January 1546 at the rate of 59.33 Italian *scudi*/Lyon marc come back to Florence in mid March at the rate of 62.63 Italian *scudi*/marc, thus returning 115 *scudi* to Franchini. In September 1549, a rate spread of 4.3 *scudi* produces a benefit of 3 *scudi* in two and a half months. Between these two moments, a change has occurred.

In December 1548, the Florence Salviati indeed pay back to Franchini his total interest of 26 *scudi*, which they record as an expense in their cash book. This may have been the date agreed upon between Franchini and the Florence Salviati in the (lost) *ricorsa* contract. Franchini, however, leaves his initial deposit in the bank and even adds 100 *scudi* to it in July 1549. Until December 1550, the rate spread continued to benefit Franchini. Then for the first time, the Lyon Salviati do not remit to Florence at a profitable rate, that is, a rate lower than the Florence–Lyon rate (given that Lyon was giving the *certain* to Florence). This slightly unfavourable rate spread generates a loss of less than 3 per cent for Franchini, that is, barely one *scudo*. The *ricorsa* operation stops after this. Over the next three years, the funds are returned neither to Franchini nor to his wife, Gostanza, as had been agreed in the event of Franchini's passing (AS, serie I, reg. 830, fo. 338.2). The money was not invested elsewhere, such as on the Lyon deposit market or in company shares in Florence (on these shares, called *sopraccorpo* deposits, see Goldthwaite 2009, p. 66).

The discontinuation of the *ricorsa* operation and the fact that the funds remained blocked within the Salviati bank, without being utilised by either the Salviati or their client, suggests a disagreement between them concerning the amount that should have been returned to Franchini. While the interest rate was theoretically dependent on fluctuations in exchange rates, the Genoese merchant-writer Giovanni Domenico Peri asserts that the capital invested in *ricorsa* transactions was non-transferable, unlike

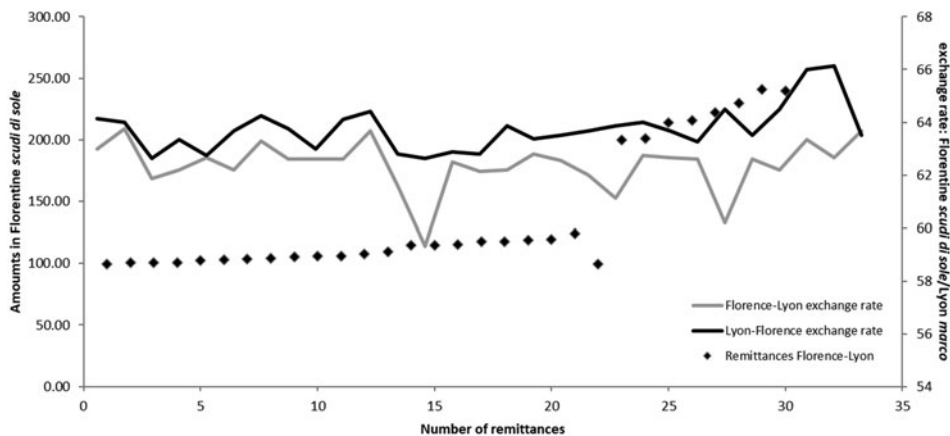


Figure A1. *A ricorso operation between Lyon and Florence (1543–50)*

*The Florentine exchange money (*scudi di sole*) during this period happened to have the same name as the French national currency. On the relationship between exchange money, cash and money of account during this period, see Boyer-Xambeu *et al.* 1994, pp. 70–1.

Source: AS, serie I, Lyon Salviati's *libri di committenti*, reg. 555, fos. 423, 510, 583; reg. 559, fos. 36, 121, 194, 279, 378; reg. 567, fos. 52, 117, 191, 288; reg. 570, fos. 51, 146, 230; reg. 572, fos. 66, 155, 263, 367; reg. 580, fos. 160, 272; reg. 586, fos. 81, 200, 286, 401; reg. 589, fo 71. Corresponding entries in the Florence Salviati ledgers: AS, serie I, reg. 820, fo 215; reg. 830, fos. 119, 338; reg. 840, fos. 131, 331; 848, fos. 156, 369; reg. 859, fo. 138.

capital invested in the 'free' exchange (Peri 1672–3, p. 85). From this standpoint, the *ricorsa* contract appears to have functioned as a type of deposit, which may not have generated profit but also would not have impacted the invested capital. In the ledgers of the Salviati bank in Florence, Franchini's account was indeed designated as a 'deposit' account. Therefore, it is possible that a disagreement arose between the Salviati and their client regarding the nature and validity of the loss experienced by Franchini.

Appendix 4: The transferability and negotiability of commercial paper in the Lyon trading networks

4.1 In-bank assignments of bills of exchange

4.1.1 Rouen–Lyon bill of exchange

In October 1544, Francisco de Angulo of Rouen issues a bill on the Salviati, payable to the Del Bene of Paris 'or to whomever the latter will order'. The Del Bene instruct the Salviati to pay the Gabrielli & Passelli of Lyon, whose account is thus credited to the value of Angulo's bill in the Salviati's fair books (AS, serie I, reg. 559, fo. 14.1; reg. 560, fo. 6.2).

4.1.2 Rome–Lyon bill of exchange

On 13 February 1545, the Cavalcanti & Girdali of Rome draw 51 *scudi di marco* on Lyon through a bill drawn in favour of Lorenzo Pasquali, one of the governors of the Lyon bank, who is at the time in Florence. Upon Pasquali's request, the Salviati credit the value of the bill in the account of the famous Florentine painter Giovanni Capassini (AS, serie I, reg. 567, fo. 87.2).

Table A1. *Lyon–Florence official exchange rates vs private rates for ricorso transactions with Franchini*

	King's fair 1544	Easter fair 1545	Easter fair 1547	August fair 1547	August fair 1548
Official rate	63.75	63.88	62.40	63.88	63.88
Private rate Franchini	64.00	64.25	62.80	63.88	63.88

Source: AS, serie I, Lyon Salviati's *copia lettere* records, reg. 565, fos. 55v, 146r, 159v–160r; reg. 579, fo. 66r.

4.1.3 Rome–Lyon bill of exchange

On 30 December 1547, the Roman bank Rucellai remits 325 *scudi di marco* to the Salviati through a bill issued by the Bettini in favour of Carlo de Vieri, a spice merchant of Florence. Upon Vieri's request, the Salviati credited the amount of the bill in the account of the heirs of Domenico Guinigi (AS, serie I, reg. 830, fo. 166; reg. 573, fo. 96.2).

4.1.4 Lyon–Paris bill of exchange

On 30 May 1545, the Salviati remit 64 *scudi*, 14 *soldi* and 8 *danari di marco* to the Del Bene of Paris through a bill from Giovan Battista da Verazzano that they credit, upon the latter's request, in Giovan Battista Rustici's account (AS, serie I, reg. 561, fo. 261.2).

4.1.5 Lyon–Antwerp bill of exchange

At the King's fair of 1545, the Salviati draw on the Affaitadi of Antwerp a bill of 24 *scudi*, 11 *soldi di marco* that the Panciatichi are remitting in favour of Jacopo da Fagnani or Duarte Gomez (AS, serie I, reg. 561, fo. 255.1).

4.2 In absentia clauses and procurators

Spanish and French merchants:

4.2.1 Castille–Lyon bill of exchange

Lesmes de Astudillo, a Burgalese merchant, regularly draws on the Salviati bills payable to Juan de Compludo of Nantes 'or to whomever will have his power of attorney' / *o a chi ara suo potere* (AS, serie I, reg. 559, fos. 19, 227; reg. 567, fos. 16, 128, 215, 246).

4.2.2 Nantes–Lyon bill of exchange

At the August fair of 1544, Julien Poulain of Nantes draws 800 sun crowns on the Salviati in favour of Andres Macores or his procurator, 'as appears on the procuration, which remains in our hands' / *come appare per la proqura quale resta in nostre mane* (AS, serie I, reg. 559, fo. 61.1).

4.2.3 Rouen–Lyon bill of exchange

At the King's fair of 1544, Francisco de Angulo of Rouen draws a bill of 200 *scudi* on the Salviati payable to Jean Le Gay of Paris, or Francisco Vignola, or whomever will have Le Gay's procuration 'as appears on the procuration that remains in [the Salviati's] hands' (AS, serie I, reg. 559, fo. 166).

Italian merchants:

4.2.4 Rome–Lyon bill of exchange

In the King's fair of 1544, the Salviati have to pay 561 *scudi*, 18 *soldi* and 2 *danari di marco* that the Cavalcanti & Girdali have drawn on them from Rome, on behalf of the Affaitadi from

Spain, to Giovan Battista Novellino, 'and in his absence, to themselves [i.e. the Salviati]' (AS, serie I, reg. 561, fo. 71.2).

4.2.5 Rome–Medina del Campo bill of exchange

On 9 October 1544, the Della Casa of Rome draw 2,000 *ducats di camera* (Roman exchange money) on the Santa Cruz & Salamanca of Medina del Campo, in favour of the Genoese merchant Carlo Cattaneo 'or his procurator' (AS, serie I, reg. 561, fo. 7.2).

4.2.6 Lyon–Villalón bill of exchange

In the Kings' fair of 1545, the Salviati remit, through two bills issued by the Welser in Lyon, 1,617 ducats on Villalón, for the account of Julien Poulain of Nantes. The letters are payable by the Castilian branch of the Welser firm to the Del Rio & Paredes 'or to Juan de la Orbes or to whomever has their procuration' (AS, serie I, reg. 567, fo. 150.1).

4.2.7 Lyon–Valladolid bill of exchange

On 11 October 1546, the Salviati draw on the Castilian branch of the Cremonese firm a bill of 1,609 *scudi di marco* that they remit for Julien Poulain of Nantes to the Del Rio & Paredes or Guillaume Herve or 'to whomever has their procuration' (AS, serie I, reg. 567, fo. 305).

4.2.8 Valladolid–Rome bill of exchange

On 23 May 1547, the Antinori of Valladolid issue for the Salviati's account a bill on the Montauto of Rome through which the Genoese bankers Spinola remit 2,500 *ducats di camera* to Girolamo Grimaldi, Victor Doria 'or whomever will have their procuration' (AS, serie I, reg. 561, fo. 315).

4.3 Bearer's clause

4.3.1 Paris–Lyon bill obligatory

In March 1544, the Del Bene pay the significant amount of 2,131 *scudi di marco* to the Salviati by sending them a bill obligatory issued by the French company of Humbert Henry and Jacques Gimbre, payable to Pierre Beaulieu 'or to the bearer' (*per pagare a Piero Boyliond o a l'apportatore*). The Salviati, as the bearers of the obligation, debit their amount from Henry & Gimbre's account, and credit it in the Del Bene's account (AS, serie I, reg. 560, fo. 105.1; reg. 559, fo. 159.2). On Henry & Gimbre, who were among the biggest Lyon merchants as well as members of the great consulate dynasties, and possessed luxury mansions in the city and its surroundings, see Gascon 1971, pp. 205, 206, 209, 213, 255, 368, 411, 523, 529, 573, 577, 652, 770, 829, 830, 837, 844, 870.

4.3.2 Paris–Lyon bill obligatory

In October 1546, the Salviati instruct the Del Bene of Paris to provide 100 *scudi di sole* to the nobleman François Rousselet, the landlord of their commercial house in Lyon, who is visiting Paris. For reimbursement, the Del Bene acquire, from Rousselet, a bill obligatory payable at the August fair of Lyon to the Salviati 'or to the bearer' (AS, serie I, reg. 561, fo. 261).

4.4 Underwritten bills of exchange

4.4.1 Lyon–Villalón bill of exchange

On 14 November 1545, the Salviati remit 200 *scudi di marco* to the Affaitadi in Villalón, through a bill issued by Andres de Losa and 'underwritten by Francisco de Salinas in the name of Lesmes de Astudillo' (AS, I, reg. 561, fo. 145.1).

4.4.2 Lyon–Valladolid bill of exchange

On 15 February 1545, the Salviati remit 550 *scudi di marco* to the Acciaiuoli of Valladolid through a bill issued by the librarian–merchant Guillaume de Millis on his brother Jacques de Millis, and 'underwritten by Hughes de la Porte as principal debtor' (AS, serie I, reg. 561, fo. 257.2). On these merchants see Autorités BnF, notice no. FRBNF16973415.

4.4.3 Lyon–Valladolid bill of exchange

At the end of May 1546, the Salviati remit to the same market 1,035 *scudi* through two bills issued by Nicolas Dupré, a Lyon banker and ‘underwritten by Claude Regnaud’, a Lyon merchant (AS, serie I, reg. 567, fos. 214.1, 215.1). On Nicolas Dupré and Claude Regnaud, see respectively Vigne 1903, p. 185, and Gascon 1971, pp. 373, 442, 509.

4.4.4 Antwerp–Valladolid bill of exchange [potential off-bank assignment]

At the Easter fair of 1545, the Cenami & Saminiati of Antwerp remit 838 Spanish ducats to the Acciaiuoli of Valladolid through a bill issued by Luciano and Niccolo Spinola on Johannes Giacompo Spinola, ‘with a promise from the Negroni & Spinola as principals to whom the value has been given’/... *a quali dettono la valuta* (AS, serie I, reg. 561, fo. 39.1). The Nigroni & Spinola thus appear to have cashed the amount stipulated in Luciano and Niccolo Spinola’s bill and told the latter to draw on Johannes Giacompo Spinola to reimburse themselves.

4.4.5 Lyon–Paris bill of exchange [potential off-bank assignment]

In May 1546, the Salviati remit 300 *scudi di marco* to the Del Bene of Paris through a bill issued by Jean Danès fils on Jean Danès père, underwritten by Claude Chapelier, and 600 *scudi di marco* through a bill issued by Claude Chapelier on himself, and underwritten by Jean Danès fils (AS, serie I, reg. 561, fo. 261.2). It may seem surprising that Jean Danès would need a third party to guarantee a bill drawn on his own father. A possible explanation could be that this is a reciprocal debt transfer, through which Jean Danès fils is settling a 300 *scudi* debt towards Claude Chapelier by swapping a 600 *scudi* credit that he had on the Del Bene for a 300 *scudi* credit that Chapelier had on the same firm.

4.4.6 Lyon–Rome letters of credit [endorsement?]

On the debit side of Cornut & Chabaud’s account are recorded 16 bills for a total value of 5,841 sun crowns, all drawn by the Lyon merchants on the Roman bank Della Casa, in favour of various clerics visiting the Eternal city (AS, serie I, reg. 561, fo. 241.1). Ten of these bills are said to be ‘underwritten’ by the Salviati, while six of them were said to have the Salviati’s ‘commission’ on their back (*con la nostra commissione al dosso*). In the Della Casa’s account where these bills are concomitantly credited, the entry mentions the Salviati’s ‘promise’ on the back of the bills (AS, serie I, reg. 561, fo. 284.2). The effect of this ‘promise’ is very similar to what an endorsement by the drawers, Chabaud & Cornut, would achieve. Indeed, if Chabaud & Cornut themselves had endorsed the bill, their signature and instruction to debit the Salviati would appear on the back of the bill. Here, even though the Salviati are signing a bill issued by Chabaud & Cornut on its back, the receipt issued by the Della Casa after payment is sent to the Salviati, and not to Chabaud & Cornut. Furthermore, since the *nostro* account of the Della Casa is credited in the Salviati’s ledgers, this meant that the Salviati *vostro* account had to be debited in the Della Casa’s ledgers – rather than in a potential account opened in the name of Chabaud & Cornut. The Salviati here are considered the only debtors by the Della Casa, although they did not issue any bill initially. In a case like this, ‘underwriting’ has a function similar to endorsement.

4.5 Transfer of IOUs and bills obligatory

4.5.1 Paris–Lyon IOUs

The Rustici’s ability to pay for their purchases of raw silks by transferring IOUs from Parisian clients who had purchased their silks at the fairs (AS, serie I, reg. 568, fo. 23.2) seems to have been at least partly related to the inner organisation of the Salviati bank. The Salviati had a sub-company devoted to the silk trade, in which a family member of their main providers worked. Thus, the transfers of IOUs that Giovan Battista Rustici collects for the heirs of Antonio Rustici of Florence is facilitated by Giovan Battista’s presence at the Lyon bank, as it only requires him and the Salviati’s governor to agree on the spot. The mere use of IOUs rather than bills obligatory also indicates that the buyers are trusted – and the transfers thus relatively safe. When the Salviati doubt the buyers, they impose the use of bills obligatory and refuse IOUs, as is the case with the bad payer Henry Gottefroy (Archivio Salviati, I, 579, fo. 53, March 1547 letter from the Salviati to Manuel Riccio in Paris).

4.5.2 Paris–Lyon bill obligatory

In the summer of 1547, the Brizzi of Ancona, who were exporters of oriental camlets to the Lyon fairs, transfer to the Montecatini & Malpigli of Lyon a bill obligatory from one of their buyers in Paris, Guillaume Beauvier. The transfer is processed by the Lyon notary Claude Laguerre (AS, serie I, reg. 561, fos. 113.1, 333.2).

4.6 Discount of IOUs

Tours–Lyon IOUs. At the King's fair of 1547, the Salviati (assignors by proxy) sell for the account of the Olivieri of Naples, to the Lyon merchant Jean Camus (assignee), 13 unmaturing IOUs issued by Tours silk artisans (assignees) who have bought raw silk from the Olivieri account at the Salviati bank in Lyon. The sale price earns Jean Camus an interest or 'merito' of 2.5 per cent until the next Easter fair when the IOUs fall due. The discount rate is aligned on the *deposito* rate, which was the interest earned in lending money from fair to fair (AS, serie I, reg. 577, fo. 6v). Jean Camus' payment is used to finance the purchase of spices for the Salviati by the Lyon company formed by Camus himself, Jean Passi and Pierre Sève.

Camus was one of the most important French merchants in Lyon at the time. He was a member of the consulate and possessed several seigneuries (Gascon 1971, pp. 442, 444, 828, 843), where he once welcomed the king (Gascon 1971, p. 867).

4.7 Tradable shares in government loans

4.7.1 In February 1545 the Salviati discount shares belonging to the Montauti and Della Casa banks of Rome, who had lent 23,940 *scudi di marco* to the king, by transferring them to other clients. The discount rate applied is 2 per cent (*deposito* rate). The Salviati earn a total of 120 *scudi di marco*, which are credited in their 'Deposito' account (AS, serie I, reg. 561, fo. 224.2; reg. 567, fos. 133.1, 135.1).

4.7.2. At the August fair of 1550, the Salviati sell to seven other Lyon banks (Rot, Bonvisi, Antinori, Giacomini & Gondi, Venturi, Sommaia, Burlamachi) 18,775 *scudi di sole* worth of shares on the king (AS, serie I, reg. 582, fo. 248.2).

4.7.3 In November 1550, the Salviati buy 14,000 *scudi di sole* worth of shares for their clients at three other major Lyon banks: the Herwart, the Obrecht and the Manelli (AS, serie I, reg. 590, fo. 50.1).

4.8 Anticipated payment of bills by a third party in exchange for a fee

4.8.1 Marseille–Lyon bills of exchange

At the end of April 1545, the Salviati pay three bills drawn by the Albertas & Della Seta of Marseille on the Bini & Strozzi Lyon bank that the latter have refused to pay. The three beneficiaries (Marc Gerente, Jean Clavel de Bourges and Antonio Morelli), probably following the advice given by the Albertas & Della Seta, present themselves at the Salviati bank with their protests to try to collect their payments. One of the bills is drawn at usance, while the two others are to be paid at three days of sight, that is, three days after the beneficiary had presented himself at the bank. The 'usance' was fixed by merchant custom and determined how long a bill had to run before it became due. Usance between Lyon and other Italian market-places and between Lyon and Antwerp was approximately one month, and usance between Lyon and London, two months (Brésard 1914, p. 268). Because of the slowness of communication, even sight drafts were in effect time bills. The Salviati pay all bills before the opening of the Lyon Payments and deduct 3 *scudi di marco* from the Albertas & Della Seta's account for this 'anticipated' payment. The interest rate of 2.18 per cent is again aligned on the *deposito* rate and the 3 *scudi di marco* again are credited in the Deposito account (AS, serie I, reg. 559, fo. 230.1; reg. 561, fo. 155.2).

4.8.2 Milan–Lyon bill of exchange

A similar operation takes place slightly before the August fair of 1545. Before the opening of the payments, the Salviati agree to honour a bill of 600 *scudi di sole* drawn on Lyon by the Bartoli of Milan for Francesco Bellotti and protested by the Guadagni of Lyon. The interest (6 *scudi di marco*) is credited in the Deposito account (AS, serie I, reg. 561, fo. 155.2).

4.8.3 Rome–Paris letter of credit

In September 1546, one month before the payments of the August fair, the Salviati pay two letters of credit, for a total value of 400 *scudi di marco*, to the nuncio Girolamo Dandini, bishop of Caserta and future cardinal. These letters were originally to be paid in Paris by the Del Bene. However, Dandini has made a stopover in Lyon and the Salviati agree to pay his letters. The Salviati charged 1 per cent (4 *scudi di marco*) for the service (AS, serie I, reg. 567, fo. 253.1). On Dandini see the *Dizionario biografico degli Italiani*, vol. XXXII.