Malmö diskont

en institutionell analys av en bankkris

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Abstract

In 1817 the then fourteen-year old bank - Malmö diskont - was subjected to a bank run and the bank closed. At the time, Malmö diskont was one of three privately owned commercial banks. All three had to close as bank runs occurred on the other two banks as well. Thus, these banks, with their roots in the 18th century disappeared with noticeable economic repercussions. Although Sweden had a large non-bank credit market, consisting of merchants and private bankers, it took a long time to restore confidence in privately owned commercial banks.

The purpose of this Ph.D. thesis - Malmö diskont, an institutional analysis of a banking crisis - is to increase the knowledge about the banking crisis in Sweden in 1817. The research question is: “Why did Malmö diskont go under?” Institutional theory has been used as a tool to arrive at the answer. The basic assumption is that institutions both set the limits for individuals' actions and sometimes direct them towards actions. The results have been arrived at by mapping the existing institutional framework and analyze how it interacted with the Malmö diskont management.

The conclusion is that the banking crisis evolved in two stages. The first stage was that the financial position of Malmö diskont became untenable in the interaction between institutions and actors. The thesis describes how the crisis developed. Malmö diskont was beyond hope of survival in 1817. It was not only a matter of a liquidity squeeze. New equity and a bail-out were needed for survival, as well as a restructuring of the institutional structure for survival. The second stage occurred when the financial position became clear for the government. The same support procedure was initially followed as in earlier liquidity crises for the discount banks. However, the institutional framework was over-ridden by an actor - the government, led by the crown prince – who did not pursue the rescue operation with the same determination as in earlier crises and Malmö diskont was allowed to fall.

Nyckelord

Malmö diskont, bankkris, institutionell teori, banksed, revision