

The franchises of 1387: why Geneva permitted interest before its neighbours

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The canonical prohibition of interest applied throughout Western Europe in the fourteenth century. In Geneva it applied too — and lending at interest nonetheless took place openly, because the lord of the city expressly permitted it in 1387. This article looks at what the franchises actually contain, why a bishop granted them, and what the arrangement produced.

1 What a charter of franchises is

A medieval charter of liberties is rarely an act of generosity. It is the written record of a position the townspeople had already secured, set down at a moment when both sides wanted certainty. The lord gains acknowledgement of his authority and, usually, money. The citizens gain a text they can produce the next time the authority is asserted beyond its agreed limits.

The Geneva franchises of 1387 follow that pattern. Bishop Adhémar Fabri recorded the inherited liberties of the citizenry in a document covering three fields: judicial procedure, the economy, and the distribution of political power.

2 The rule on interest and why it was unusual

The charter permits lending at interest at reasonable rates. To see how unusual that is, consider what merchants elsewhere had to do to achieve the same commercial result while respecting the prohibition.

- **The exchange contract.** Lend in one currency, take repayment in another at a rate that embeds the return. Legitimate, because exchange is a service and rates fluctuate.

- **The *census*.** Buy an annual return from productive property. Legitimate, because the buyer acquires a right in a thing.
- **The *partnership*.** Advance capital and share in the venture's risk. Legitimate, because the lender may lose.
- **Penalty clauses.** Lend without interest and stipulate a penalty for late repayment, then arrange for the repayment to be late.

Each of these works and each adds cost: drafting, documentation, the risk that a court will look through the form, and the moral discomfort of a fiction everyone recognises. A city that permits the straightforward transaction removes all of it. For merchants passing through for a fortnight, that is a material advantage.

The permission was not unlimited. Reasonable rates means rates fixed or controlled by authority, and that pattern persists in Geneva through the Reformation — where Calvin's conditions and the council's maximum rates continue the same construction — and into modern conduct regulation.

3 Procedure: the second economic provision

The procedural rules of the charter are usually treated as constitutional history. They are also commercial law.

Proceedings were oral and summary and were conducted in French, avoiding the formalism of the learned Roman procedure that dominated elsewhere. Citizens took part in judgment alongside the officers of the court.

For a merchant this matters more than the substantive law. A claim that can be heard and decided within the days he is in the city is a claim worth bringing. A claim that requires written pleadings, Latin, proctors and several terms is a claim he will settle at a discount or abandon. The speed of the Geneva courts was part of what the fairs sold.

The same consideration is audible in the modern debate about international commercial courts. The revision of the Swiss Code of Civil Procedure in force since 1 January 2025 allows cantons to give their commercial courts jurisdiction over certain international commercial disputes and to conduct proceedings in English. The reasoning is identical to 1387: a trading place needs a forum that decides quickly and in a language the parties use.

4 Who judged what

Jurisdiction in the medieval city was divided three ways, and the division shaped what the charter could achieve.

Authority	Competence
The bishop, as prince of Geneva	justice directly or through delegates
The <i>vidomne</i> , the bishop's judicial officer	civil causes and minor offences, oral and summary procedure in French
The syndics of the citizenry	lesser criminal matters

From 1290 the exercise of civil justice was held in fee by the Count of Savoy, which is why the *vidomne* was a Savoyard officer. The arrangement explains both the friction of the following century and a half and the absence of an autonomous merchant court on the Italian consular model. Geneva's commercial justice was the ordinary justice of the city, made fast.

5 The long line to the edicts of 1568

The franchises were superseded in substance after the Reformation. The edicts of 1568, drafted principally by the refugee jurist Germain Colladon, comprise ecclesiastical ordinances, political edicts and civil edicts, the last running to thirty-two titles on procedure. They governed Geneva for more than two centuries.

What carried over from 1387 was the approach, and the text itself fell away: permitted credit under supervised conditions, and a procedure built for use, with elegance left to others.

6 What to take from it

Three observations are worth carrying into any discussion of a financial centre's legal framework.

Legality beats ingenuity. A jurisdiction that permits the transaction the market wants, and regulates its terms, captures activity from jurisdictions that prohibit it and tolerate workarounds. The workarounds cost money and create legal risk; the permission does not.

Procedure is substance for a trading place. The speed, the language and the accessibility of the forum are part of the offer. Geneva understood that in 1387 and is legislating about it again now.

Fragmented jurisdiction has a price. Three authorities sharing competence over the same territory produced disputes that consumed attention for 150 years. Modern equivalents — overlapping supervisory competences, uncertain fora for cross-border disputes — impose the same kind of cost in a different currency.

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