

Lyon, great banking centre of the sixteenth century

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Lyon's success was confirmed at the turn of the sixteenth century. The city became the principal financial centre of the kingdom of France and one of the great banking centres of Europe. Florentine, Lucchese, Genoese and German bankers set up their counting houses there. The Lyon fairs served as the clearing centre for bills of exchange drawn on the whole of Europe. The transfer of the Medici branch from Geneva to Lyon in the mid-1460s formed part of this movement.¹

Lyon also became the principal centre of finance for the French monarchy. The kings borrowed from Lyon's bankers to finance the Italian Wars and then the struggle against the Habsburgs. In the middle of the sixteenth century, the crown set up a mechanism of consolidated borrowing from the bankers of the city, known as the "Grand Parti". The financial crisis that struck the French and Spanish monarchies at the end of the 1550s caused heavy losses for creditors.² Lyon in its turn discovered the fragility of a financial centre dependent on the sovereign's credit.

Geneva and Lyon remained closely linked throughout the sixteenth century. Genevan merchants attended the Lyon fairs, and the Protestant community of Lyon maintained relations with Geneva, particularly after the adoption of the Reformation. The Wars of Religion, which struck Lyon hard from the 1560s onwards, would drive many Lyon Protestants to take refuge in Geneva, bringing their capital and their skills with them.³ The flow that had left Geneva for Lyon in the fifteenth century thus partly ebbed back, in another form, a century later.

This reversal illustrates an important idea: a financial centre that loses one activity may gain others, often of a different kind. Having lost its fairs, Geneva would gain, through the Reformation and the Refuge, a population of merchants, craftsmen, printers and, later, bankers. The modern Geneva financial centre was born of a reconstruction on new foundations

after a profound crisis, so that its descent from the medieval fairs remains indirect.

1 Notes

1. Dictionnaire historique de la Suisse (DHS; Historical Dictionary of Switzerland), art. “Louis XI”: prohibition issued in 1462 forbidding the king’s subjects to attend the Geneva fairs; Raymond de Roover, *The Rise and Decline of the Medici Bank, 1397-1494*, Cambridge (Mass.), Harvard University Press (Harvard Studies in Business History, 21), 1963, xxii-500 pp. ↩
2. Wikipedia (fr), “Grand Parti de Lyon”: consolidation loan launched under Henri II, “of some two million écus, of which 75 per cent corresponded to existing debt and 25 per cent to new funds”, at an “annual interest rate of 16 per cent (in reality 4 per cent per quarter)”; from 1557 the instalments were only partly honoured, with less than 10 per cent of the capital repaid by the ninth term. ↩
3. Dictionnaire historique de la Suisse (DHS), art. “Lyon” (Catherine Santschi): the Huguenots of Lyon, and later the émigrés of the Revolution, found asylum in Switzerland, and in Geneva in particular, while the “Swiss nation” of Lyon remained active in trade and banking; Dictionnaire historique de la Suisse (DHS), art. “Réfugiés protestants”: Geneva received some 8,000 refugees between 1549 and 1587, of whom around 3,000 settled permanently. ↩

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