

The Medici in Geneva

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The opening of a Medici branch in Geneva in 1424 illustrates the importance the fairs had acquired.¹ The Medici bank was at that time on its way to becoming the most powerful in Europe. It had branches in the principal economic and political centres of the continent: Rome, where it managed part of the papal finances, Venice, Bruges, London, Avignon and other places besides.² The Geneva establishment followed a precise logic. The Geneva fairs were an unavoidable crossing point for the commercial and financial flows between Italy, France, Germany and the Low Countries. A branch on the spot made it possible to handle bills of exchange, to follow the markets, to serve the princely and ecclesiastical clientele of the region and to gather information.

The Geneva branch pursued several lines of business. It dealt in bills of exchange drawn on the other places in the network. It sold luxury goods, in particular Florentine silks. It took deposits from prelates, nobles and merchants. It granted credit, especially to the court of Savoy and to the great lords of the region. It also took part in the transfers of funds connected with the revenues of the Church. These varied activities made the branch a versatile business centre, halfway between banking and trade.

The Geneva branch trained men who went on to play an important part in the history of the bank. Francesco Sassetti, who was to become one of the principal managers of the Medici bank, spent part of his career there.³ This formative role of foreign branches, where young staff learned the trade before rising to higher responsibilities, is still found in the large international banks to this day.

In the mid-1460s, the Geneva branch was transferred to Lyon.⁴ This move, which the next chapter places in the context of the rivalry between the two cities, shows that a financial institution follows its clients and its flows. When the merchants leave a place, the bankers follow them. The lesson

holds for every era: a financial centre cannot permanently retain institutions whose clients have gone.

The links between Geneva and the Medici bank were not severed by this transfer. The Archives d'État de Genève (State Archives of Geneva) report that at the time of the Burgundian Wars, in order to make up a sum owed to the Confederates, the city had to resign itself to borrowing 3,500 écus of the King of France from the Medici bank in Lyon.⁵ The city that had welcomed the bank became its debtor. The reversal speaks for itself.

The history of the Medici bank finally offers a lesson on concentration risk. Part of the difficulties it experienced in the second half of the fifteenth century stemmed from loans granted to sovereigns and princes, notably in England and Burgundy, which were not repaid.⁶ Sovereign risk, that is to say the risk of lending to an authority that can refuse to pay without the creditor having any means of compulsion, remains one of the most formidable risks for bankers. The Geneva bankers of the eighteenth century, lenders to the French monarchy, would experience it in their turn.

Key points. The Medici branch in Geneva, opened in 1424, shows that the Geneva fairs had become a node of the European financial system. Its transfer to Lyon in the mid-1460s shows that a financial institution follows its clients. And the bank's later difficulties are a reminder that loans to sovereigns carry a risk that the lender's power is not enough to control.

1 Notes

1. Article "Histoire de Genève", Wikipédia (fr) (accessed September 2026). ↩
2. 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.; Wikipedia (fr), "Histoire de Genève": Medici branch opened in Geneva in 1424. ↩
3. Wikipedia (en), "Francesco Sasseti": joined the Medici bank in 1438 or 1439 as a factor in Avignon; "By 1453, he had been transferred to the Geneva branch", where he invested his own capital; back in Florence in 1458 as adviser to Piero and then to Lorenzo de' Medici, he rose to the post of general manager; 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. ↩
4. Dictionnaire historique de la Suisse (DHS), art. "Louis XI": "in 1462 he forbade his subjects to attend the Geneva fairs, which as a result declined rapidly to the benefit of those of Lyon"; Wikipedia (fr),

“Histoire de Genève”: “the period of expansion came to an end in 1462, when King Louis XI of France forbade French merchants” to attend the fairs; on the date of the branch’s transfer, 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. ↩

5. Archives d’État de Genève, page “Économie”, archives-etat-ge.ch (accessed September 2026). ↩
6. Wikipedia (en), “Francesco Sassetti”: Sassetti “consistently overruled Angelo Tani” and “removed the last checks against Portinari lending excessive amounts to secular rulers, which would be a direct cause of the failure of the Bruges branch”; 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. ↩

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