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Title: *A Capital Problem: Investments Choices by savings bank Montepio Geral in the end of the nineteenth century*

Abstract: This paper aims at understanding how did the troubles triggered by the 1890-1 Portuguese bankruptcy change the investment strategies of the Montepio Geral, a savings bank that had recently became one of the largest banks in Portugal. Like in the other banks, the investment of capitals had been a major challenge for Montepio Geral since its inception in 1840. For all its singularity – a mutualist association primarily concerned with ensuring the pension scheme of its associates – Montepio Geral had to allocate its capital like any other bank. Indeed, the crisis of 1890-1 aggravated the problem, insofar as the volume of pensions and the number of members (and hence contributions) kept growing whilst the crisis made investment opportunities more scarce. In other words, for a mutualist association, the crisis meant more savings and hence more available capital, yet this happened when the usual applications of capital (namely domestic sovereign debt) would not respond. We will focus on two aspect. First, we will show how the crisis that followed the bankruptcy forced Montepio Geral to change decision-making processes that had proved successful in the previous context. In these decades we see an increasing effort to gather relevant market information and a more caution decision-making process, following the thesis of Marc Flandreau for nineteenth-century markets which emphasizes the role of "money doctors" in advising governments and private actors that operate in financial markets. Second, we will see to what extent the troubles in allocating capital constituted an incentive to innovation and institutional change, namely in the decision-making process.

Keywords: Investment – Banking Históry – Montepio Geral –1890-91 Financial Crisis