Welfare, Credit and Solidarity in Early Modern Italy

Institutions for Women, Farmers, and the Poor

by

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Introduction

On a cold spring morning in 1494, the Franciscan preacher Bernardino da Feltre[1] climbed into the pulpit to deliver a fiery, impassioned sermon—not against heretics or sinners, but against usurers. "*Mutuum date nihil inde sperantes*", he cried to the crowd—"Lend, expecting nothing from it"— (Lk, 6,35), as he urged the city's merchants, artisans, and magistrates to contribute to a new and radical institution: the *Monte di Pietà* (Pawnshop). It was not a bank in the modern sense, nor a mere refuge for alms. It was something different: a *congregatio denariorum*, a collective act of civic virtue designed to transform private wealth into a public instrument of social inclusion (Muzzarelli, 2006).

This book begins from that moment. It tells the story of how a network of premodern credit institutions—from the *Monti di pietà* to the *Monti frumentari* (Grain funds) and the *Monti dotali* (Dowry funds)—reshaped the social and economic fabric of Italian cities between the fifteenth and the nineteenth centuries[2]. These were not marginal or episodic phenomena, but institutions deeply rooted in Europe's intellectual and institutional history. They emerged from the fertile soil of Franciscan thought and civic humanism and became crucial laboratories for rethinking the relationship between wealth, justice, and the common good. In

[1] Puglisi, C. R., & Barcham, W. L. (2008). Bernardino da Feltre, the Monte di pietà and the man of sorrows: activist, microcredit and logo. *Artibus et historiae*, 35-63.
[2] In this book, the expressions *Monti di pietà* (Pawnshop), *Monti frumentari* (Grain funds), *Monti dotali* (Dowry funds), and *alla voce* contracts will be used in their original Italian form.

doing so, they laid the cultural and institutional groundwork for what we now call ethical finance.

At the heart of this book lies a set of questions about how and why such institutions—often born in refectories, municipal councils, and parish communities—managed to endure for centuries and to shape financial practices in the modern era. What made them so resilient? How did they reconcile the moral imperatives of Christian charity with the pragmatic needs of credit and exchange? And what can their legacy teach us today about inclusive finance?

Although historians of the economy and of social institutions have long studied the rise of banking, public debt, and mercantile capitalism, the history of social credit institutions remains comparatively underexplored, especially outside Italy. Yet, as this book argues, their significance extends far beyond local history. These institutions represent some of Europe's earliest experiments in redistributing resources through non-profit mechanisms and in embedding finance within ethical, social, and communal frames. They were not merely responses to poverty; they were proactive instruments of emancipation. They addressed the *pauperes pinguiores*—the "less-poor working poor"—who, with modest assistance, could exit dependency, generate income, and contribute to civic prosperity[3].

In many respects, the *Monti di pietà* anticipated key principles that would reappear centuries later in microcredit programs, cooperative banking, and ESG finance. They redefined the logic of

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[3] Carboni, M. (2017). Fra etica e affari. Un nuovo modello di credito su pegno: i Monti di pietà. In *Storia economica e storia degli ebrei. Istituzione, capitale sociale e stereotipi (secc. XV-XVIII)* (pp. 155-170). Milan: Franco Angeli.

credit, shifting it from a purely profit-oriented calculus to a relational practice grounded in trust, reciprocity, and social responsibility. They also challenged dominant narratives of economic marginality. The poor were no longer passive recipients of charity but active economic agents; and women were not merely dependents but participants—at times beneficiaries and administrators—of credit institutions.

The aim of this volume is to bring this largely forgotten Italian story to an international audience and to demonstrate its relevance for contemporary debates on finance, ethics, and social justice. While a substantial historiography has explored the rise of modern capitalism, few works have traced the genealogy of ethical finance back to its premodern roots. This book does precisely that—drawing on archival sources, a comparative approach, and attention to groups historically relegated to the margins of economic history: peasants, the urban poor, and women.

The Italian case is particularly significant. At the foundation of these institutions lies a distinctively Italian story: the Franciscan movement and civic humanism. From the Middle Ages, beginning with Francis of Assisi, we find a concern for the "invisible," those at the margins of the city. In a rigidly hierarchical society, the mass of the *pauperes*—without means or protection—was often viewed with suspicion. Monastic tradition had treated poverty as either ascetic trial or social defeat. With Christianity, the excluded become "blessed", ready to receive a gift of liberation (Araujo, 2009). The Franciscans analyzed poverty as a language. Their voluntary choice, in relation to wealth, opened a new conversation about the economy and enriched the socio-economic lexicon with a renewed interpretation of *paupertas* (poverty)[4].

In his *Testament*, Francis recalls his encounter with lepers as a reversal of the criteria of judgment. What had been bitter becomes "sweetness of soul and body" (FF, 110—112, 116, 130)[5]. Conversion is not merely moral; it becomes a way of life. The poverty professed *sine proprio* is not only material renunciation but also the stripping away of disordered "spiritual possession." It is a life among the poor that becomes witness and style, in ecclesial obedience. As Tarello (1964) shows, within the patristic-canonical reception of the original communion of goods, the Franciscan friars could renounce ownership while retaining use in fact—a legal solution that made conceivable an economy of use rather than of dominion[6].

Francis was a happy poor man who chose the "wealth of poverty" (Todeschini, 2004). On the one hand, he despised *pecunia*; on the other, given the structure of society, he understood that money could be re-employed for pious works without becoming the rule

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[4] Parisoli, L. (2001). The Discipline of Nutrition and the Altissima Paupertas: From Saint Francis towards a Normative Theory of Poverty. *Ius Canonicum*, *41*, p. 475; Cusato, M. F. (2016). From Possessio to Paupertas: The emergence of religious poverty as a critical spiritual component of Medieval Christianity. In *Poverty and Wealth in Judaism, Christianity, and Islam* (pp. 155-171). New York: Palgrave Macmillan US; Gioeli, G. (2023). "WEALTH". In *The Economy of Francesco, a glossary to repair the language of economics*, edited by S. Rozzoni e P. Limata, Lisbona: UCP Press.

[5] Francesco d'Assisi (2011) 'Scritti'. In: Menestò, E. et al. (eds) *Fonti francescane*. Assisi: Edizioni Porziuncola.

[6] Tarello, G. (1964). "Profili giuridici della questione della povertà nel francescanesimo prima di Ockham", *Annali della Facoltà di Giurisprudenza dell'Università di Genova* III (1).

of life. This critical distance from money allowed him to "see, hear, and smell" what lies outside the civic life of the rich—the suppressed world of lepers and the excluded—and to affirm that citizenship cannot be dictated by the market alone. The Franciscan *forma vitae* is also a form of community. *Communitas* binds the *cum* to the *munus*—living together for the sake of a shared task and the common good—and *fraternitas* adds constitutive equality, respect for difference, and a reciprocity that generates a circulation of gifts. Obedience, listening, and care for the least: here proximity becomes practice. This semantics of care (*cura pauperum*) prepared, at the cultural and civic level, the idea that money could be disciplined by public rules in the service of relationships.

On the other side stood Humanism—the "long instant" in which an elite of men of letters, jurists, merchants, and preachers imagined that the human person possessed a horizon of meaning irreducible to religious belonging or utilitarian function alone[7]. The dignity and freedom of the person, reason and relation, the city as the site of the good life returned as one of the main measures of coexistence. Humanism was not merely a recovery of the classics; it was a civic program, a way of rethinking the ties among ethics, law, and the economy. Within this constellation, fifteenth-century Italy elaborated what we call civic humanism. "Civic" names both an end (refounding social life toward the common good) and a place (the *civitas*, where human flourishing, *eudaimonia*, is realized in active life). City councils, confraternities, guilds, and convent pulpits generated a shared language in which

[7] Zamagni, S. (2008). Reciprocity, civil economy, common good. *Pursuing the common good: How solidarity and subsidiarity can work together*, 467-502.

private and public virtues held together: *fides* (trust), *aequitas* (equity), *utilitas publica* (public utility). This frame shifted the center of gravity of economic action. The "economic" was not an autonomous substance but an accident of the *polis*—an instrument for the good life. From Aristotle came the distinction between *oikonomiké* (governance ordered to sufficiency and justice) and *chrematistics* (the art of wealth).

Our *Monti*[8] were born on this ridge—as institutions that discipline money to safeguard relationships, rather than relationships bent to money. The encounter between civic humanism and the Franciscan movement produced a novelty: no longer episodic charity but charity made rule—statutes, offices, ledgers, procedures—so that mercy might endure. It is precisely this encounter that made the *Monte di pietà* legible not as a profit-seeking bank nor a mere almsgiving bureau, but as a civic device of regulated credit. As John T. Noonan famously argued, the *Monti di pietà* constituted "a break with the past", inaugurating a new institutional form of charitable credit that reconfigured the boundaries between usury, mercy and public responsibility[9].

Three features of civic humanism explain from within the originality of the *Monti di pietà*. First, *fides*—public trust—is not only a private virtue but a kind of social capital that makes exchange possible and lowers its costs. The city cultivates it through verifiable rules, publicity of acts, statutes, and separation of roles (treasurer, cashier, *massaro*), and through accounting

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[8] In the following chapters, the term "Monti" - a diminutive of Monti dotali, Monti frumentari, and Monti di pietà - will be used to refer to these institutions.
[9] Noonan, J.T. Jr (1957) *The Scholastic Analysis of Usury*. Cambridge, MA: Harvard University Press, p. 294.

books. The *Monte* makes trust visible, measures it, and preserves it; hence it attracts bequests, deposits, and offerings—the wealth of many turned into the common good.

Second, beyond market exchange (price) and redistribution (alms), economic coexistence relies on reciprocity—because we belong to the same community and because the relationship is the value to be preserved. In the *Monti*, reciprocity took the form of cost prices (coverage of expenses, not *lucrum*), pledges (limiting harm, not stripping the weak), and public auctions with restitution of any surplus to the debtor. The result was credit inclusion that did not create dependency but *capabilities*.

Third, within civic humanism, the lawfulness of an institution depends on its civic function: stability, social peace, the honor of the city. From the opening of their statutes, the *Monti* declare that they serve the *pauperes pinguiores* for whom a small loan decides between work and insolvency: a genuine politics of human dignity.

So understood, the *Monti di pietà* are technical-civic devices. Technical, because they employed risk-management tools (pledge-to-loan ratios, caps on amount and duration, cross-checks, double-entry recording). Civic, because they subordinated technique to public ends: broadening access, containing the arbitrariness of money, stabilizing household budgets. The distinction—later recognized in doctrine—between expense recovery and usury is not a mere accounting expedient; it is the juridical translation of a humanistic principle: price is legitimate when it defends the institution and its social function, not when it remunerates capital as such.

This framework also sheds light on the other pillars of the book. The *Monti dotali* transformed dowry from a private family matter into a publicly regulated form of women's economic citizenship. The *Monti frumentari* translated reciprocity into the countryside, creating grain-credit granaries that advanced seed and wheat and restored elasticity to cycles of scarcity. In all three cases, civic humanism operates as a design criterion that places the person-in-relation at the center, measures economic action by the common good, and embeds finance within transparent institutions.

This is why the present book opens from a city pulpit rather than a stock exchange. Civic humanism is not an ideological frame imposed from outside; it is the air breathed by premodern credit institutions. Without this background, the *Monti di pietà* would remain a curious hybrid; with it, they return to what they were: laboratories of economic citizenship in which finance becomes care, charity becomes rule, and the city becomes a community that equips itself not to leave its members behind.

Unlike the commercial banks of Northern Europe, born of mercantile capital and imperial trade, the *Monti* arose from civic cooperation, religious ethics, and a view of the economy to realize the *bonum commune*. They represent a "third way" between market dynamics and mere almsgiving—a way in which finance becomes an instrument of solidarity, development, and collective action.

At a time when global finance once again confronts inequality, sustainability, and responsibility, this historical experience acquires renewed relevance. It reminds us that financial systems are not neutral: they embody cultural values, institutional choices, and social priorities. It also challenges the widespread belief that ethical finance is a recent innovation. On the contrary—as this book shows—its roots run deep in the soil of late-medieval and early modern Italy, where theology, economics and solidarity converged to create new forms of economic citizenship.

The pivotal aim of the volume is to demonstrate how Italian premodern credit institutions—conceived at the intersection of Franciscan theology, civic humanism, and credit practices—shaped the evolution of finance from the fifteenth century to the present. While the historiography of banking and capitalism has often privileged the rise of private banks, commercial credit, and state finance, this study shifts attention to a parallel and largely neglected trajectory: the development of solidaristic financial institutions that sought to balance economic functionality and social justice.

The working hypothesis is that the *Monti di pietà*, *Monti frumentari*, and *Monti dotali* were not merely technical solutions to credit problems but the product of a specific religious, social, and intellectual climate in late-medieval and early modern Italy. The condemnation of usury, the ethic of ordered charity and reciprocity, the idea of the common good, and early formulations of "civil economy" supplied the normative grammar within which these institutions took shape. Within this horizon their rules, governing bodies, guarantees, and access mechanisms were defined: the *Monti di pietà* organized collateralized lending at moderated rates; the *Monti frumentari* structured loans in kind to stabilize agricultural cycles; the *Monti dotali* accumulated capital earmarked for dowries and thus for women's capacity to negotiate status and security. Moral theology and communal practice did not remain in the background; they entered institutional "mechanics," shaping aims, instruments, and controls.

In this framework the *Monti* redefined both the meaning of credit and the boundaries of economic citizenship. Credit ceased to be the privilege of the mercantile elite or an instrument of domination and became infrastructure for inclusion—a right conditioned by good reputation, participation in communal life, and the ability to repay according to shared times and modes. The poor, small artisans, peasants, widows, and young brides gained access to resources previously out of reach; local communities—through confraternities and civic magistracies—governed decision processes, funds, and guarantees; financial power was "municipalized" and made transparent through statutes, registers, and inspections. The relationship between women and finance was not ancillary: the architecture of the *Monti dotali* made visible a form of female agency expressed in the capacity to turn family ties into protected assets, to safeguard inheritances, and to secure margins for negotiated autonomy.

Over the long run these practices sedimented legacies far beyond their original context. Mutuality, territorial embeddedness, the countercyclical logic of credit in kind, and the centrality of reputation and trust became matrices for later forms: rural and artisans' banks, cooperative credit, revolving agrarian funds, microcredit organizations, all the way to modern ethical funds and impact-oriented institutional philanthropy. This is not a linear continuity but a genealogy: principles and devices transform, migrate, and hybridize with legal and technological innovations—from modern accounting and audit to social ratings—while retaining the core of a teleologically ordered finance, not neutral with respect to social ends.

This historical perspective invites a reconsideration of current debates on sustainability and inclusion. The idea that finance should be assessed not only for allocative efficiency but also for social outcomes finds in the *Monti* a concrete precedent: participatory governance, limits on returns, transparency of purposes, and attention to relational goods. At the same time, historical failures—elite capture, statutory rigidity, limited adaptability to political and market shocks—suggest cautions: the social mission must be guarded by rules, evaluation methods, and accountability capable of preventing paternalistic or clientelist drifts.

Accordingly, the book does not merely narrate an institutional history; it uses that history as an interpretive laboratory for the present. It shows how theological and ethical principles can take legal form and economic practice; how economic citizenship is built through shared financial rights and duties; how credit architectures affect gender balances and community cohesion. And it sketches an agenda: if we want financial systems that are fairer, more participatory, and oriented to the common good, we must recombine—through contemporary tools—the lessons of the past: proximity, mutuality, responsibility, transparency of ends, impact evaluation. In this longue durée, the *Monti* are not relics of the past but demanding ancestors of our financial future.

Methodologically, the book adopts a comparative and interdisciplinary approach, combining economic, social, legal, and intellectual history. The argument draws on extensive archival materials—many of them unpublished—from a wide range of local, ecclesiastical, and state archives across Italy—from Naples and Bologna to Palermo, Ascoli Piceno, and beyond. These sources include founding statutes, account books, loan registers, notarial deeds, wills, and administrative correspondence, which together provide a rich and nuanced picture of how these institutions worked and evolved.

The comparative lens is essential. Rather than treating these institutions as isolated phenomena, the book analyzes them in diverse regional contexts—from the Papal States and the Kingdom of Naples to the Grand Duchy of Tuscany and the Duchy of Savoy—highlighting both common features and local specificities. This perspective reveals how different political orders, economic structures, and social fabrics shaped the nature and success of solidaristic credit systems.

A further distinctive trait is attention to historically marginalized actors—especially women, peasants, and the urban poor—who were not only beneficiaries of these institutions but, at times, founders, administrators, and guarantors. Their presence, often obscured by traditional narratives, is reconstructed here through meticulous archival work that brings to light their agency in shaping the dynamics of *ancien régime* finance.

Finally, the book adopts a diachronic perspective that connects past and present. By tracing continuities between premodern credit practices and contemporary forms of ethical finance—such as microcredit, cooperative banking, and ESG investing—it underscores the continuing relevance of those early experiments and their potential to inspire new models of inclusive finance.

This volume makes four main contributions to the literature:

1. Recovering a neglected tradition: it reconstructs a historical trajectory largely unknown outside Italy, offering the first comprehensive synthesis in English of solidaristic credit institutions in the early modern era.
2. Archival depth and empirical richness: it draws on a wealth of unpublished sources to offer original insights into the functioning, governance, and socioeconomic impact of these institutions.
3. Comparative and interdisciplinary method: it connects local experiences to broader European trends, showing how the Italian model of social finance interacted with—and often anticipated—wider developments in economic thought and practice.
4. A bridge between past and present: by linking early modern experiments to current debates, it demonstrates how historical perspectives can help rethink twenty-first-century financial systems.

This book begins from the conviction that finance, before being a technique, is a moral and political practice. In the cities of late-medieval and early modern Italy—between Franciscanism and civic humanism—a shared lexicon of the common good, reciprocity, and responsibility took shape, making it possible to imagine credit institutions oriented toward inclusion rather than privilege. Within this horizon emerged the *Monti di pietà*, the *Monti frumentari*, and the *Monti dotali*: different yet kindred devices capable of translating an ethical stance that rejected usury into rules and procedures (statutes, oversight, cost-recovery prices), thereby recognizing credit as an infrastructure of economic citizenship. The volume follows an arc across three social spaces—city, countryside, and family—to show how "civil" finance is born and reproduced within the concrete fabric of communities: from the urban workshop of the *Monti di pietà* to the agrarian laboratory of the *Monti frumentari*, to the intimate and negotiable space of dowries, where gender meets property. The path intertwines institutional history and the history of ideas. In the *Monti di pietà,* we observe the construction of a public and transparent finance that seeks to wrest credit from the rent of usury, justifying a cost-recovery price within a precise theological and legal framework. In the *Monti frumentari* we grasp the intelligence of lending in kind to govern risk, liquidity scarcity, and famine, strengthening bonds of trust and community resilience. In the *Monti dotali* we bring into focus a form of female agency often overlooked: the dowry as protected capital, capable of shaping social mobility and the negotiation of status. Alongside this triptych stands the chapter on the *"alla voce"* contract, which reconstructs the eighteenth-century debate among Galiani, Odazi, and Palmieri: a critical confrontation over forms of credit and their moral implications, useful for gauging the boundaries of economic legitimacy as discussed at the time. The guiding hypothesis is genealogical: there is no straight line from the *Monti* to contemporary ethical finance; rather, there are legacies, twists, and translations that connect mutualism, territorial proximity, social evaluation of outcomes, and participatory governance with later experiences—rural and cooperative banks, microcredit, impact investing. The analysis—grounded in statutes, registers, wills, and archival series—aims not only to narrate but to offer a laboratory for the present. The pages that follow probe the successes and failures of those institutions—selective inclusion, risks of elite capture, statutory rigidity—to extract design criteria: clarity of purpose, limits on returns, accountability, impact measurement, and the safeguarding of relational goods. If finance is a way of living together, the *Monti* show that another financial history has already been possible: from here our inquiry sets out, to imagine future institutions that are more equitable, participatory, and socially oriented.

The book is conceived in two parts to serve both a historical and an argument-driven logic. Part I — The Historical Pillars reconstructs the genealogies of "civil" credit in late-medieval and early modern Italy: from the *Monti di pietà*, to the *Monti dotali*, to the *Monti frumentari*. Here the reader encounters sources, statutes, registers, and comparative cases, to see how theological and ethic-political principles became operational rules, access mechanisms, and forms of governance. The chapter on the *"alla voce"* contract serves as a theoretical hinge: it stages the eighteenth-century debate on price, risk, and the legitimacy of credit, translating the practices of the *Monti* into the language of political economy and preparing the passage to the present. Part II — The Bridge to the Present gathers this legacy and tests it against contemporary categories: ethical finance, microcredit/microfinance, cooperative credit (with a focus on the Italian cooperative credit banks, CCB), instruments such as social and green bonds, and impact metrics. It does not seek easy analogies but continuities and "twists": what can be translated today from the *Monti* (proximity, mutuality, transparency of ends) and what requires institutional innovation (regulation, accountability, scalability). The result is a two-way movement: history becomes a laboratory for designing the future; the present, in turn, offers criteria for reading the past critically. This two-part architecture is also a reading guide. Those interested in institutional genealogy will find in Part I a complete and welldocumented path; those seeking tools for the design of policies and organizations may enter directly into Part II, while referring back to the cross-references that point to crucial historical knots. In both cases, the through-line remains the same: to show that finance is not neutral, but a form of coexistence built—yesterday as today—through rules, institutions, and shared responsibilities.

Chapter 1 — *Monti di pietà*: Credit, the City, and the Common Good — sets the stage in the late-medieval and early modern city, where the lexicon of Franciscans and civic humanism becomes an institutional program. I show how, between pulpit and civic council, the idea took hold that finance could be ordered to the common good: the cost-recovery price as an alternative to usury, the publicity of statutes, communal oversight, regulated access for the "deserving poor." I follow the expansion of the *Monti* from 1460 to 1560 not as mere geographic spread but as the local translation of a common moral principle—with adaptations in governing bodies, pledge guarantees, and endowment funds. The heart of the chapter is to show in what sense the *Monti* produced "economic citizenship": not beneficence, but a civic infrastructure enabling small artisans, widows, and urban workers to enter circuits of credit previously closed to them. The chapter closes by connecting this normative DNA to today's discussions on transparency, limits on returns, and the social purpose of finance.

Chapter 2 — *Monti dotali*: Dowries, Gender, and Social Mobility — shifts the lens to the family and gender relations. I present the *Monti dotali* as devices that transformed the dowry from a private matter into a public one, with rules, governance, and dedicated funds. The comparison among Florence, Bologna, and Naples serves to point out differences and convergences: criteria for selecting beneficiaries, mechanisms for accumulating and protecting capital, the role of confraternities and magistracies. The red thread is female agency in the *ancien régime*: how the dowry, rendered a "tied asset," offered margins of choice (marriage or convent), patrimonial security, and, in some cases, opportunities for social mobility. The chapter dialogues with current debates on equality and financial inclusion—not to extract forced analogies but to highlight practices that already sought to protect vulnerable subjects through clear rules, transparency, and oversight.

Chapter 3 — *Monti frumentari*: Bread, Seeds, and Rural Credit — from city to countryside: here finance speaks the language of grain. I explain why lending in kind, far from being an archaic fallback, was a refined social technology for managing risk, liquidity scarcity, and crop cycles. I enter the functioning of the *Monti frumentari*—loans measured in grain, rates in kind, community guarantees, repayment times tied to harvests—and show how these mechanisms stabilized supplies and prices, strengthening the resilience of peasant communities. Regional variants (Kingdom of Naples, Papal States, Sicily) help us see how environment, legal orders, and local practices altered rules and performance. In closing, I trace the genealogy leading to revolving funds, rural banks, cooperatives, and microfinance: not a straight line, but a family of solutions inheriting proximity, mutuality, and shared responsibility.

Chapter 4 — The "*alla voce*" Contract: An Eighteenth-Century Debate between Ferdinando Galiani, Troiano Odazi, and Giuseppe Palmieri— is a laboratory of applied theory: I enter the heart of the eighteenth-century Neapolitan debate on the *"alla voce"* contract to probe the boundaries of credit's legitimacy. I place Ferdinando

Galiani and Troiano Odazi in dialogue (and tension)—between market needs, moral evaluations, and the economic public order—and then show how Giuseppe Palmieri reframed the issue, seeking to reconcile efficiency and justice. The aim is not philological for its own sake but argumentative: to understand how the economists of the time negotiated price, risk, information, and bargaining power; and what from that negotiation remains useful today when we speak of a "congruous" rate, transparency, and the protection of weaker parties. The chapter thus serves as a theoretical hinge between the historical cases of the *Monti* and contemporary principles of institutional design.

Chapter 5 — Ethical Finance from the Monti to Cooperative Credit Banks — in the bridge to the present, I gather the threads of the genealogy. I begin from an operational definition of ethical finance—explicit mission, constraints on returns, social accountability—and then show continuities and twists with respect to the *Monti*: territoriality as a safeguard of proximity, participatory governance as an antidote to capture, the measurement of social outcomes as a condition of legitimacy. I then examine the main instruments: microcredit and microfinance — including their contemporary versions following the Yunus paradigm—, ethical products and vehicles such as social/green bonds, and programs targeting community needs. A focus is dedicated to cooperative credit (the Italian cooperative credit banks, BCC): mutualistic identity, member base, lending criteria, ties with the third sector, indicators of ethical performance, and the challenges of scale and European regulation. I close with a comparative European view of the development and trends of ethical finance, to identify which design elements—rules, metrics, governance—coherently derive from the historical lesson of the *Monti* and which require innovation.

By weaving together archival evidence, comparative analysis, and theoretical reflection, this book proposes a new historical narrative of finance—one that places inclusion, trust, and solidarity at the center. It contends that the history of finance is not only a history of profit and accumulation, but also a history of community, cooperation, and care. In rediscovering the Italian origins of ethical finance, we are reminded that another financial history—and another financial future—are possible. This book follows a precise line of inquiry: it reconstructs the institutional genealogy of credit oriented to the common good, from the *Monti di pietà* to dowry and grain funds, from cooperative and mutual banks to today's ethical and impact finance. By reading these experiences together, it asks how concrete legal, organizational and pricing choices have historically made finance more inclusive—or more extractive. The wager is contemporary: understanding these roots helps us design today's financial tools—ethical banks, BCCs, community finance, impact funds—with clearer criteria of mission, governance and limits to profit. The guiding thread is one of *longue durée: Monti* → social and cooperative banking → contemporary ethical finance, showing that another way of doing finance has been tried before, and can be institutionally re-imagined again.

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The author made limited use of AI-based tools (such as ChatGPT) for language editing and minor phrasing suggestions. All interpretations, arguments and conclusions are entirely the author’s own.

Part I — The Historical Pillars

Chapter 1

Monti di pietà: Credit, the City, and the Common Good

1.1 Introduction

The *Monti di pietà*, established in Italy during the fifteenth-century as a response to usurious practices, represent one of the earliest institutional experiments in socially oriented and morally regulated credit in Europe. Their establishment and development reflect an innovative approach within the pre-modern financial context, driven in large part by the efforts of Franciscan friars such as Blessed Bernardino da Feltre and Marco da Montegallo[10]. This approach sought to address the increasing demand for credit and protect the most vulnerable social groups from the risks associated with insolvency.

The historical context, in which the *Monti di pietà* emerged, was marked by significant economic and commercial expansion and widening social inequalities. This expansion, driven by a credit system that primarily served the mercantile and banking élites, introduced a shift from the credit practices of Greco-Roman and feudal economies (Zamagni, 2012). For the most vulnerable segments of society, however, usury often remained the only

[10] Parsons, A. (1941). BERNARDINE OF FELTRE AND THE MONTES PIETATIS. *Franciscan studies*, 11-32; Cusato, M. F. (2017). Bernardino da Feltre's vision of social and economic justice. *The Catholic Historical Review*, 224-245; Bazzichi, O. (2020). Alle origini dei Monti di pietà: una questione storica da precisare. *Warszawskie Studia Teologiczne*, *33*(1), 186-228.

available means of accessing credit, despite the Church's condemnation of such practices (Todeschini, 2007). Private merchants and bankers controlled traditional credit channels, excluding those without sufficient collateral or connections.

In this economic landscape, the *Monti di pietà* offered an alternative solution, rooted in principles of social justice and Christian charity, while maintaining prudent and sustainable economic management. Franciscan culture introduced the principle of *fraternitas*, which transcended traditional redistributive justice by fostering solidarity among individuals, enabling them to be both equal and distinct (Bazzichi, 2017, p. 147). This concept of solidarity, grounded in inclusion and the common good, deeply influenced the design of the *Monti di pietà*. These institutions sought to transform money into a tool for public support, offering small loans at favorable, cost-covering rates to the *pauperes pinguiores*—artisans, workers, and lower-middle groups who were not destitute but exposed to liquidity shocks and exclusion from ordinary credit markets—individuals who had the potential to overcome poverty and sustain themselves and their communities[11].

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[11] Prodi, P. (1982). La nascita dei Monti di Pietà. *Annali dell'Istituto storico italo—germanico in Trento, 8*, 211—224; Muzzarelli, M. G. (2006). I Monti di Pietà ovvero scommettere sui poveri meno poveri. *Quaderni della Fondazione del Monte di Bologna e Ravenna, 11*, 17—27; Muzzarelli, M. G. (2010). I Monti di Pietà: le cure prestate e quelle richieste. *Italia Francescana, 85*, 101—111; Avallone, P. (2010). Alle origini del microcredito nel Mediterraneo: Monti di pietà e Monti frumentari nel Mezzogiorno preunitario. In *Crocevia mediterranei: società, culture e migrazioni nel Mediterraneo (secoli XIX—XX)*: studi in onore di Luciana Gatti (pp. 45—76). Roma: Europa e Mediterraneo.

Within the broader argument of this book, this chapter addresses two central questions: how did the *Monti di pietà* contribute to managing financial risk and over-indebtedness in a pre-modern urban economy, and which elements of their institutional design anticipate key features of modern ethical and cooperative finance? The chapter adopts a historical-comparative methodology, based on the analysis of normative sources (papal bulls, consilia, statutes), accounting records and archival series, and on the comparison between the *Monti di pietà* and other pre-modern credit institutions such as the *Monti frumentari*. In particular, materials preserved at the State Archives of Naples (ASN), among other collections, offer a concrete view of how these principles were implemented in practice[12]. The analysis of these sources shows that the *Monti di pietà* pioneered a model of risk management grounded in solidarity, transparency, and the protection of vulnerable borrowers. Their system of secured loans at regulated non-usurious charges not only provided a credible alternative to predatory lending, but also outlined principles—proximity to communities, limits on profit extraction, participatory oversight, and public accountability—that would later re-emerge, in secularized form, in savings banks, cooperative credit and contemporary ethical finance. Rather than tracing a linear evolution, the chapter proposes a genealogical reading: the *Monti* are treated as an early laboratory in which the moral, legal, and

[12] Archivio di Stato di Napoli, hereafter ASN, A. Borbone, I, 875, Relazione Santangelo, 1836; A.S.N, Consiglio Collaterale, Consiglio, Notamenti, anni vari; A.S.N., Interni, II App., 1898 (Storia dei Monti frumentari del Secondo Abruzzo Ultra, 1810); A.S.N., Interni, II Inv., 596, l'intendente di Aquila al Ministro degli Affari Interni, Aquila, 16 novembre 1816; A.S.N., M.A.I.C., 528, Memorandum pe' Monti frumentari del Regno; A.S.N, *Ministero delle Finanze*, fs. 2885 bis, Ferdinando Galiani al re, 25 dicembre 1782.

technical conditions for a socially oriented finance were first articulated.

1.2 The Origin and Development

The first *Monte di pietà* was founded in Ascoli Piceno in 1458 by Fra Domenico da Leonessa, followed in 1462 by the *Monte* of Perugia, established by Fra Michele Carcano da Milano[13]. The latter pursued a dual mission: to distribute alms and to create a charitable bank to combat usury driven by greed (Majarelli & Nicolini, 1962). The model quickly spread, reaching Rome with the establishment of the Monte in 1539 under the papal bull *Ad Sacram Beati Petri Sedem* by Pope Paul III Farnese[14], and Palermo in 1541, adopting a secular form of charity based on modest voluntary offerings and donations collected during processions (Siciliano, 1909; Di Matteo, 1973). The formal regulation of the Monti di pietà was provided by the bull *Inter multiplices* of the Fifth Lateran Council (1515), which endorsed their public utility and clarified the conditions under which moderate, cost-covering charges could be distinguished from usury, thus sanctioning a non-speculative model of credit ordered to the common good[15]. These institutions

[13] Fabiani, G. (1942). *Gli ebrei e il Monte di Pietà in Ascoli* (a cura di F. Laganà e F. Campana). Ascoli Piceno: Librati; Vaquero Piñeiro, M. (2013). I Monti di Pietà in Umbria: esperienze a confronto. In *I frati osservanti e la società in Italia nel sec. XV*. Spoleto: Centro Italiano di Studi sull'Alto Medioevo.

[14] Tosi, M. (1937). *Il Sacro Monte di Pietà di Roma e le sue amministrazioni: il Banco di Depositi; la Depositeria Generale della R. Camera Apostolica; la Zecca, la Depositeria Urbana (1539—1874)*. Roma: Libreria dello Stato; Travaglini, C. M. (1987). Il Monte di Pietà di Roma in periodo francese. In *Atti del I Convegno nazionale su Credito e sviluppo economico in Italia dal Medio Evo all'età contemporanea*. Verona: Cierre Edizioni.

[15] Leo X, born Giovanni de' Medici, son of Lorenzo the Magnificent, grew up in an environment of refined humanistic culture. Giovanni was directed toward an

marked a turning point in the economy of the time, not only for their social impact but also for their ability to combine Christian charity with prudent resource management, offering an early template for inclusive and accountable financial practice without implying a linear continuity with modern institutions.

Analyzing their operational model helps to clarify both their internal functioning and their role within pre-modern urban economies. The initial capital was built up through bequests, alms, private donations, and community-organized fundraising, often with direct ecclesiastical support. This patrimony was managed with great prudence to ensure continuity and to maximize social impact. The Monti di pietà were founded on guiding principles that embodied solidarity, social justice, and economic prudence. Their primary objective was to promote economic inclusion by extending small loans on favorable terms to those excluded from traditional banking circuits—artisans, petty traders, widows, and low-income households facing temporary liquidity shortages. This approach aimed to weaken the mechanisms that reproduced

ecclesiastical career from an early age, becoming a cardinal at the age of only thirteen and pope in 1513 under the name Leo X. His pontificate is known for his patronage, which fostered Renaissance art and culture in Rome, but also for his nepotistic policies and the lavish luxury of the papal court. However, his management of papal finances and the controversies surrounding indulgences contributed to fueling the Protestant Reformation, led by Martin Luther. He is also remembered as a pope who embodied the spirit of the Renaissance but whose administration faced growing religious and political challenges. In Pellegrini, Marco. *Leone X*. *Enciclopedia dei Papi*, Enciclopedia Treccani, 2000. The bull established that the Monti would not fall into the sin of usury (*pecunias licite mutuant*) and would not be considered usurious institutions merely for charging interest, which was generally around 3- 5% annually. See: Muzzarelli, M.G. (2001). *Il denaro e la salvezza: L'invenzione del Monte di pietà*. Bologna: Il Mulino.

marginalization and to create realistic opportunities for economic and social stability[16].

A cornerstone of the Monti di pietà's mission was a specific understanding of social justice: reducing exposure to predatory lending and mitigating cycles of over-indebtedness by means of accessible and sustainable credit instruments. This mission rested on a shared sense of civic and religious responsibility and on the conviction that access to lawful credit could offer a path to rehabilitation rather than stigmatization. Prudent resource management was, in this sense, not a technocratic complement but a moral requirement: administrators were expected to safeguard the capital so that the institution could continue to serve future borrowers. This combination of rigor and solidarity allowed generosity to be institutionalized without eroding its material basis.

Loans were generally granted at low, regulated charges, commonly around 5—6% per annum, calibrated to cover operating expenses—administration, custody, wages, maintenance—without generating speculative profit. These charges were explicitly framed not as remuneration of capital but as reimbursements of documented costs. A distinctive feature of the system was the possibility for borrowers to redeem their pledged goods within agreed deadlines or grace periods, thereby avoiding the definitive loss of essential property. The institutional framework of the Monti—reconstructed through statutes, notarial deeds, and accounting records—offers detailed evidence on the

[16] Todeschini, G. (2007). "La rappresentazione degli ebrei come usurai nel Medioevo: dall'immagine teologica allo stereotipo economico". *Rassegna mensile di Israel: LXXIII, 1.*