

AN ANALYSIS OF *SARRAFS* CREDIT NETWORKS IN ISTANBUL (1844-1863)

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## ABSTRACT

### AN ANALYSIS OF *SARRAFS* CREDIT NETWORKS IN ISTANBUL (1844-1863)

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This thesis is a work on the *sarraf* networks in Istanbul, which developed and expanded in the Tanzimat era and played a significant role in the Ottoman financial system. *Sarrafs* were a part of the guild organization in the Ottoman Empire. Originally, they were engaged in supplying silver to the Imperial mint. monetary exchange and supplying silver to the Imperial Mint. Changes in the financial mechanism such as the formation of a new monetary regime in the Ottoman Empire, the growth of the budget and the intensification of financial relations have caused *sarrafs* to become credit institutions supplying funds to the Imperial Treasury and state. The *sarrafs* became an important group that utilized their own capital as well as deposits to finance the taxfarming sector on which the Ottoman financial system rested.

The *sarrafs* functioned as a mediator between the officials in the taxfarming sector to whom they supplied credit and depositors. The Imperial Mint *sarraf* registry number 167 covers many disputes between these parties in the years 1844-1863. These data enable us to to analyze the financial profiles of hundreds of people who were *sarrafs*, tax-farmers (*mültezims*) and depositors (*mudi*'s) according to their social categories. The inclinations of change in these profiles, the difference between these disputes' quality and frequency, and the graphs prepared to show the factors affecting them indicate the total volume of Istanbul *sarrafs* registered in this registry as well as those who died, went bankrupt or fled. Accordingly, developments that led to bankruptcy or fleeing of the *sarrafs* and the disputes that followed are much more than those who died.

**Keywords:** İstanbul *sarrafs*, The tax-farming system, The Imperial Mint.

## ÖZ

### İSTANBUL SARRAFLARININ KREDİ İLİŞKİLERİNİN ANALİZİ (1844-1863)

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Bu tez Osmanlı mali siteminde, sağladığı fonksiyonlarla kuşkusuz önemli bir statüye sahip olan İstanbul sarraflarının Tanzimat döneminde geliştirmiş ve genişletmiş oldukları ilişkilerinin incelenmesine yönelik bir çalışmadır. Osmanlı esnaf örgütünün birimlerinden olan sarraflık, imparatorlukta ortaya çıkışı 15.yüzyıl olarak kabul edilmiş, başlangıçta para değiş tokuşu yapan ve Darphaneye gümüş tedarik eden bir meslek grubudur. Osmanlı devletinde meydana gelen para rejimi, bütçenin büyümesi ve parasal ilişkilerin artması gibi mali mekanizmanın geçirdiği merhalelerin sonucu olarak sarraflar, devletin ve hazinenin ihtiyaç duyduğu nakdi sermayeyi sağlayan kredi kurumu haline gelmişlerdir. Osmanlı maliyesinin istinat ettiği iltizam sektörünün finansmanında da çok önemli fonksiyonları olan sarraflar, bu finansmanı sağlayabilmek üzere, kendi öz sermayeleri ile birlikte büyük ölçüde mevduatı da değerlendiren bir gruptur.

Bu grubun kredi sağladığı iltizam sektöründeki görevliler ile kendisine mevduat yatırmış olan tasarruf sahipleri arasında üstlendiği aracılık fonksiyonu dolayısı ile oluşan çok çeşitli ihtilafların davaları ile alakalı 1844-1863 yıllarını kapsayan 167 nolu Darphane sarraf defterinin sağladığı veriler vasıtasıyla sarraf, mültezim ve mudilerden oluşan yüzlerce şahsın ait oldukları sosyal kategorilere göre mali profillerini analiz etmek mümkün olmuştur. Bu profillerdeki değişme eğilimlerini ve davaların/ihtilafların niteliği ile frekanslarındaki farklılaşmaları ve bunların faktörlerini ortaya koymak üzere hazırlanan grafikler, zikredilen defterde kayıtlı olan İstanbul sarraflarının iflas ve firar edenler ile ölmüş olanlarının sayısı ve toplam işlem hacmini göstermektedir. Buna göre, sarrafların iflas ve firarına sebep olan gelişmelerin ve akabinde ortaya çıkan anlaşmazlıkların, ölen sarraflarınki ile karşılaştırıldığında çok daha fazla olduğu ortaya çıkmıştır.

**Anahtar Kelimeler:** İstanbul sarrafları, İltizam vergi sistemi, Darphane-i Amire.

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## LIST OF ABBREVIATIONS

BOA.	Başbakanlık Osmanlı Arşivi
C. BLD	Cevdet Belediye
C. DARB	Cevdet Imperial Mint
C. DH	Cevdet Dahiliye
C. İKT	Cevdet İktisat
C. MAL	Cevdet Maliye
DBŞM.d	Baş Muhasebe
İ. DH.	İrade - Dahiliye
İ. MSM	İrade Mühimme
K.K	Kamil Kepeci
M.	Mühimme
MAD.	Maliyeden Müdevver
KE.	Kânun-u Evvel
KS.	Kânun-u Sani
TE.	Teşrin-i Evvel
TS.	Teşrin-i Sâni
M.	Muharrem
S.	Safer
Ra.	Rebûlevvel
R.	Rebûlâhir
Ca.	Cemâziyelevvel
C.	Cemâziyelâhir
B.	Receb
Ş.	Şaban
N.	Ramazan
L.	Şevval
Za.	Zilkade
Z.	Zilhicce

## CHAPTER 1

### INTRODUCTION

Although the Ottoman Empire adopted and practiced religious law together with its prohibition of interest, the socio-economic life and necessities of the state's finances forced it to de facto acceptance of interest – although not de jure. Though we do not have information about the preliminary years, after the end of the 15<sup>th</sup> century, under concepts such as *muamele-i şer'iyye*, *vech-i helal-i şer'i* and *nehç-i mer'i üzere*, *ilzam-ı rıbh-ı şer'i* that do not enter the category of legal interest, and with a limit of one year in contracts, the state permitted interest. Such contracts were strictly to be made in the presence of a *kadı*. It can be understood from the related registries that taking interest was legally and officially banned, in the case of contracts between individuals that were not made before a *kadı*. We understand from these contracts that de facto interest was very widespread, and a maximum limit of 10 to 15% was set after the 15<sup>th</sup> century. We also know that certain pious foundations were established under the same terms.<sup>1</sup>

This limit was preserved in the following centuries. The deeds of many foundations indicate that interest rates, or what they called *rıbh*, normally did not exceed 15%. Another important practice in legalizing interest was the conversion of the wealth of orphans into cash in order to invest it profitably. Under the same limit, interest was legitimized.

In order to ensure the welfare of all its subjects living in a wide area and with a social structure of low-density population where rural areas reached 80% of the total, the Ottoman Empire had created an economic system that depended on a 'narrow-regional equilibrium system' sustained by provisionism.<sup>2</sup> In this system, *kazas* represented the regions that had to balance their production and consumption. Any good that was produced within the region was not allowed to exit the region without first satisfying the needs of the region. This was the "basic principle of economic

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<sup>1</sup> Jon E. Mandaville, "Faizli Dindarlık: Osmanlı İmparatorluğunda Para Vakfı Tartışması," trans. Fethi Gedikli, *Türkiye Günlüğü* 51 (Yaz 1998), 129-144; Ömer Lütü Barkan, "Edirne Askeri Kassamına Ait Tereke Defterleri (1556-1659)," *Belgeler*, 3 (1966), 31-46. Discussions about the monetary foundations' legality in the Ottoman Empire.

<sup>2</sup> Mehmet Genç, *Osmanlı İmparatorluğunda Devlet ve Ekonomi*, 11th Edition, (İstanbul: Ötüken), 2014, 49-68.

policy” adapted from the 16<sup>th</sup> century to the 19<sup>th</sup> century. Although not implemented everywhere and to a full extent, the existence of such a principle caused self-sufficient structures rather than market relations to develop and settle. Consequently, together with a scarce population, monetary relations were low in volume. Under such circumstances, hiring paid personnel for tax collection would be a very expensive solution. The principle credo of the Ottoman Empire was, however, to tax the population as low as possible. For this reason, it chose two methods of taxation. The first was the *tumar* system. This system made possible, without the need for market relations, the formation an army and police force that could live in the production zone and take their salaries out of the taxes they collected. The cash income required by the central state was supplied still the end of the empires by auctioning the task off the *mültezims*, who operated as private entrepreneurs and cost less both economically and financially. However, the state also tried to ease the side effects that increased the tax burden of the public by centuries long legal and corporal regulations trying to reform the tax-farming regime.

Privatization not only dropped the cost of taxation for the state, but because the *mültezim* would try to maximize profits by lowering expenditure, it was cost effective in the macro scale as well.

However, the *mültezim* needed cash funding in order to collect taxes, which were mostly in kind and then sold them to obtain cash needed to pay the treasury. *Mültezims* who almost always came from the ranks of the military personnel could not find the required amount of money without paying interest for it. That is why the state had to allow interest in practice. Instead of taxation through salaried workers that increased costs for both the state and the public, it chose the tax-farming system, which inevitably led to this consequence.

As the tax-farming sector grew in the second half of the 16<sup>th</sup> century, the funding required by the sector also grew. It was not possible to gather funds with a 15% interest rate, which was set because of socio-economic necessities through *muamele-i şer’iyye* in order to fulfill the demands of the pious foundations and funds for orphans. So the state allowed a 20-25% interest rate for *sarrafs* specializing in *iltizam* finances. From the 17<sup>th</sup> century to the middle of the 18<sup>th</sup> century, the interest rate was 20-25%. After the 1740’s, it was fixed at 20% and this rate did not change until the end of the Tanzimat era.

During these dates, every state official that took on tax-farming and turned into a *mültezim* worked with a *sarra*f who paid his expenses. Both had a registry and in it, the payments were recorded daily, and the interest was added daily. Seldomly called *faiz* but often *güzeşte* or *ribh*, this amount was certainly added. The payments of the *mültezim-paşa* were also recorded and the same way interest was calculated and added. What is interesting is that the interest rate taken by the *sarra*f was the same as the interest calculated for the customer. Both were 20% from 1740 to 1850. One might ask how did a *sarra*f profit, then? This is because the *sarra*f lent credit at high amounts and for long periods, thus increasing the volume of the interest he took. In return, the *sarra*f collected deposits from different groups, including managers of orphan wealth and pious foundations. He paid interest to the depositors as well, but not more than 15%.

When disputes arose between private individuals whom the state allowed to acquire credit under the name *muamele-i şer'iyye*, in the presence of a *kadı* the parties would appeal to the *kadı*. The *kadı* would accordingly accept interest as legitimate within the terms of the contract. There are many examples of this situation.<sup>3</sup>

However, *sarra*fs who charged more than 15% and recorded them with a chronometric day schedule were not handled by the *kadı* in the event of a dispute. These were settled in a special court that contained no *kadis* or *naibs*. Although the elements of the court changed, a *kadı* was never present, only bureaucrats and officials of the *sarra*f and tax-farming guilds.

The Imperial Mint registry number 167, which I am analyze in this thesis, is about this subject, namely the disputes between *sarra*fs and their customers. The committee that solved the matter was headed by *kapukethüdas* of provincial administrators called *hacegan* who were members of high bureaucracy. The committee included the *sarra*fs' *kahya* and leaders of the *sarra*fs. The chief of the court, the Head of the Imperial Mint transmitted the decision to the Head/Director of the Privy Purse (Hazine-i Hassa Nazırı) and then to the Minister of Finances (Defterdar) and the grandvizier (Sadrazam). After that, the sultan was informed and his approval turned the decision into a decree.

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<sup>3</sup> Certain *kadis* might well have refused to approve a transaction that involved interest. Nevertheless, the government recognized only the *kadis* as authorities in the handling of such cases.



This work, with the help of data from Imperial Mint Registry number 167, aims to examine the relations of sarrafs with different social groups through the years 1844 to 1863. 25 sarrafs are selected for analysis out of the 130. The selected sarrafs were those died, went bankrupt or fled. The reason behind choosing these sarrafs is to determine was the full inventory of their credit relations. The main concern here was not to repeat known thoughts on the Ottoman financial system or the famous Istanbul sarrafs, but to take advantage of the different perspective these registries allow us in evaluating the subject. Thus this worksheds light on sarrafs working as credit institutions, how they operated with interest, the existence of Muslim and non-Muslim women depositors, and how sarrafs served as deposit banks as well, the problems that resulted from a sarraf's bankruptcy and how they were solved. By approaching sarrafs as such, we may obtain data that are presented analytically in the second and seminal part of this work.

This work is divided into two main chapters. The first chapter contains general evaluations of networks of traders in the Ottoman Empire. The structural form of the sarraf associations, their features and privileges are discussed. The following part discusses the integral functions of the sarrafs in the Ottoman financial system discussed. How money exchanging and silver supplying transformed the sarrafs of Istanbul into credit institutions is explained in reference to changes in the Ottoman economy and politics. The Istanbul sarrafs discussed in this part differed form the Anatolian and Rumelian sarraf groups by function and quality. Their importance in the Ottoman financial system is emphasized.

The second chapter analyzes the data from the Imperial Mint registries. I was able to analyze and draw out the financial profiles of the 25 sarrafs under survey in detailed graphs and tables. The graphics represent the data in the registry visually and make our claims, clearer. The main purpose of this work is to approach the existing sarraf literature in a new perspective and to evaluate the Istanbul sarrafs as a network and supply informative data.

Two important events that required the inspection of sarrafs books were death and bankruptcy. Starting in 1844, it took 20 years for the accounts to be completed. Two different groups were designated for deaths and bankruptcies. Their differences and similarities were determined. The total volume of capital by 25 sarrafs regarding the tax farming in the Ottoman financial system was given in detailed graphs and analysis.

In this work, I have used qualitative and quantitative methods to interpret and evaluate data obtained. In the first chapter, secondary sources on *sarrafs* in the Ottoman Empire were used to qualitatively analyze the general features and functions of the *sarrafs* within the Ottoman financial system. Accordingly, the general occupation of the *sarrafs*, their identity as an institution, their functions and their relations have been analyzed in order to give meaning to the tables and graphics. With this purpose, the information in the first chapter regarding the credit network consisting of men, along with the deposits made by women have been useful. According to this, the most important function of the *sarrafs*, the *iltizam* system, was funded as a credit institution and the most dependent of the credit seekers were men and *mültezims*, as seen in the graphs.

The transcribed archive, which was used in the second chapter of this thesis, to determine how the Imperial Mint register should be evaluated showed that according to these values, the *sarrafs* had to be evaluated with respect to their credit relations. First, out of the 130 *sarrafs*, 25 were dead, bankrupt, or had fled, and were 625 cases among these groups have been chosen. An excel file was opened for these *sarrafs* and tables were created to show their transaction volume, gender, ownership, title, occupation, debts, and claims. After 25 *sarrafs* were filed this way, they were gathered in a folder. This way, out of the 25 *sarrafs*' transaction volume, the total number of women, men, Muslims, non-Muslims, whether they had titles and occupations through the tables were determined. The close relations of the *sarrafs* and their relations with creditors and depositors are also shown via graphics.

As a result of the graphical data, out of the 545 elements in the transactional volume of the *sarrafs* 446 were men, 63 women, 13 institutions, 12 orphans and 11 communities. With respect to religion, men, women, orphans and non-Muslim institutions make up for 525, with 312 being Muslim and 213 non-Muslim. The 20 remainders are *community* of which religion is unknown and 9 institutions (see Fig. 2 and 6). Additionally, only men were given titles, amounting to 301, and with 145 untitled make up for a total of 446 men as anticipated. It is important to note that *ağa*, *efendi*, *bey*, *paşa*, *hacı* and *çavuş* show Muslim titles while *hoca* denote non-Muslims. Women were not added to this group (see Fig. 3, 4 and 5). Occupations in relation to *sarrafs* were determined one by one by scanning relevant cases, and their numbers given (see Table 1). 79 different occupations and their relations with the *sarrafs* would not reveal any useful information, so these occupations were grouped into 8 categories

according to their similarities and their relations with *sarrafs* were explained (see Fig. 13, 14).

The graphs in the second chapter need be distinguished from one another. This is because, while the first part evaluates the relations of the *sarrafs* with institutions and persons, the second part consists of graphics showing the accounting between *sarrafs* and persons or institutions. In this part, dead, bankrupt or fled *sarrafs* and their claims, debts, deposits and their relations were evaluated. In the total volume of transactions, when one looks into the financial relations between the 25 *sarrafs* and 545 people, the amount of credit issued by the *sarrafs* is 16.945.553,5, while their debt is 23.041.052 *kuruş* (see Fig. 18). To cite debts as a general deposit is possible within their relations with women (see Fig. 22, 27) while this is not possible with other monetary relations (see Fig. 31). All men who are titled *hoca* are non-Muslims and *sarrafs*, which is why they cannot deposit any money but only loan credit.

The objective of the tables and graphics composed of the data of the registry is to show that an archive may be evaluated via different methods. The second chapter is composed of visual elements that were formed with great care from the data from the registry. This source, which is the basis of my thesis, was not only transcribed and evaluated with a descriptive method, but the text that was formed after the transcription was evaluated with a quantitative method. This is why it will fill an important gap in the literature.

One of the first and foremost works on the *sarrafs* in the Ottoman Empire is a master's thesis by Araks Şahiner.<sup>4</sup> This work evaluates the *sarrafs* as a tradesman network includes the Ottoman archives and Armenian literature. To mention the tradesman network in general, the work starts with the functions of *sarrafs* and evaluates them as an important part of the Ottoman financial mechanism, as well as their socio-political roles. It is frequently emphasized that *sarrafs* financed the *iltizam* system through credit, their responsibilities towards the *darphane* and their position as a deposit institution. However, no evidence is given to support this claim. It is obvious the *sarrafs* needed a source other than their own capital in order to fund credits, but to classify these as deposits, one needs further archive testimonials.

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<sup>4</sup> Araks Şahiner, "The Sarrafs of Istanbul: Financiers of the Empire" (MA Thesis Boğaziçi University, 1995)

Although not on the *sarrafs* directly as in the work of Şahiner, there is another work by Ömerül Faruk Bölükbaşı on *darphane-i amire*.<sup>5</sup> This work emphasizes in detail the *darphane-i amire*'s role in money printing and as treasury, which are two of its most important functions. The *sarrafs* are considered facilitators of gathering gold and silver, and subsequently the Istanbul *sarrafs* are investigated. The *sarrafs*' structural features as a tradesman network are evaluated in this work, and it is of great importance to understand the responsibilities of the *darphane*.

Similar to this thesis, all works on *sarrafs* with Assist. Prof. Dr. Şevket Kamil Akar depend on the transcribed archives of the *darphane* catalog.<sup>6</sup> However these works only describe the transcribed text in a descriptive fashion, and there is no quantitative analysis of these data. In its current form, the data from the registry is more a monotonic description rather than analysis. This is because the data unveils the relations of the *sarrafs*, and shows the groups that had relations with the *sarrafs*, thus their numbers and volumes are in a qualitative manner rather than analysis. On the other hand, this thesis does not use a descriptive method in third chapter, but a quantitative analysis method of the data is given in the tables and graphics to prove a new method in this subject.

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<sup>5</sup> Ömerül Faruk Bölükbaşı, *18.yüzyılın İkinci Yarısında Darbhane-i Amire*, (İstanbul: Bilgi Üniversitesi Yayınları, 2013).

<sup>6</sup> Halil Köse, "140 Numaralı Darphane Defterine Göre Osmanlı Devleti'nde Sarraflar" (Yüksek Lisans Tezi İstanbul Üniversitesi, 2010).; Bülent Kulüp "120, 143 ve 165 nolu Darphane Defterlerine göre 19.yüzyılın İlk Yarısında Darbhane-i Amire ile İlgili Düzenlemeler" (Yüksek Lisans Tezi İstanbul Üniversitesi, 2010).

## **CHAPTER 2**

### **SARRAFS AND THEIR RELATIONS WITH THE OTTOMAN IMPERIAL TREASURY**

In the first section of this work, I will evaluate the system of guild organization in the Ottoman Empire and review the features and privileges of sarrafs in terms of their occupation and guilds organization. The first questions that come to mind are the possible reasons of a demand for the servizes of sarrafs the empire and how the sarrafs carried out their trade to meet these demands. It is therefore useful to widen the boundaries of sarraf term in reference to the financial and political development of the empire. This is because the area of activities covered by the sarrafs in the early periods and the extent of the changes in its essence after the 18<sup>th</sup> century was evident.

After a short evaluation of the structural features of the sarrafs, it is important to examine and discuss their function within the Ottoman treasury. Thus this will be the main focus of the present chapter, along with the rest of the work. At this point, it must be noted that the cause for the expansion and development of the functions of the sarrafs were caused by the changes in the method of tax collection in the Ottoman financial system. The financing of the tax-farming system (tax farming) by the sarrafs quickly transformed them into credit institutions and increased their relations with officials.

Consequently after all these developments, certain unforeseen problems arose between the state and the sarrafs. The probable causes for these problems were the high risk of the sarraf profession and the fact that the sarrafs were primarily affected from any damages occurring as a result of the warrant given by the sarrafs to the officials and mültezims (tax farmers) in the second degree.

#### **2.1. A Short Glance at Guild Organization in the Ottoman Empire**

It is not within the scope of this work to analyze the structure of trades in the Ottoman Empire in-depth. But it is important to mention some key features in order to understand the Ottoman trade system and the position of the sarrafs in it.

Although there is no conclusive or detailed evidence as to where and when the Ottoman traders' organization started, İnalçık believes that its foundations go back to the 16<sup>th</sup> century groups of artisans and traders that formed as based on *fütüvvet* principles in each city.<sup>7</sup> As trade group is defined in its most basic sense, as an association of artisans or traders who specialized in at the same line of work producing a good or service in cities or towns as a means for living. Those working in same trade group were organized into different subunits, but needed to be united by a senior management in order to remain connected with each other. The operation of this group relied on rules that were agreed upon by its members themselves. These regulations were then submitted to a judge (kadı) for registration and working them official. The judge investigated whether these rules were against the (religious) Law, legislation, customs and traditions, and would then submit them to the Imperial Council. Any draft that was to be approved by the Imperial Council became binding for the members of the organization.<sup>8</sup> By preparing and approving such documents, the state was able to keep the order within each trade group network individually and in the marketplace as a whole. The state was able to control the trade groups (esnaf) and was informed of any structural changes in their regulations periodically. From a contemporary point of view, this signifies that the state had standardized the traders' operations and thus kept under supervision a social group not played prominent role in the forming of social structure. Placing great importance to organizations, the state gave financial and judicial rights and liabilities to trader associations during their establishment. This way, the state was able to achieve two important goals, namely to oversee the needs of the population and set appropriate prices for goods and to services.<sup>9</sup>

Privilege rights (gedik hakkı) were of utmost importance to the traders and sarrafs, as will be discussed in the following pages. These were important signs pointing to the development of organizational progress in the process of trades and crafts in Ottoman cities. This is because in this system, the state determines particularly who will conduct a profession and how many people will work in a trade through the

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<sup>7</sup> Halil İnalçık, *The Ottoman Empire: The Classical Age 1300-1600* (London, 1973), 151.

<sup>8</sup> Genç, *Devlet ve Ekonomi*, 289-292.

<sup>9</sup> Ahmet Kal'a, "Esnaf," *Türk Diyanet Vakfı İslam Ansiklopedisi* 11 (1995): 423-430.

regulations of trade groups. There are some fundamental regulations as to how the mechanism will work, viz. how many stores a trade group is allowed to open, the inheritance of the privileges of a deceased traders by his son, or if he does not have any, by a traders deemed fit by the senior management of the trade group.<sup>10</sup> To further investigate the matter, it is possible to view the case of sarrafs closely. Privileges<sup>11</sup> show that the state intended to create balance and order within the trade associations or groups by certain restrictions. It also shows that the state has adopted the process of crafts and trades in a professional manner.

It is important to note that the Ottoman trade networks had more functions than just providing goods and services for the population to fulfill demands.<sup>12</sup>

Representatives of the trade groups network acted as administrators of the group and as mediator between the members of the group and the state, thus helping the state enforce its basic agreed upon regulations unto its members. It is the traders' networks that narrated and transmitted the regulations and orders pertaining to its own structure to its members as a mediator. Alongside these, the state used the network to collect taxes, thus collecting taxes and not burdening the treasury. The *kethüda* and *yiğitbaşı* helped the state in enforcing the *narh* prices negotiated and authorized by judges, quality control of goods, and implementation of sanctions against the traders who broke the regulations and laws. Due to varied factors, starting at the end of the 18<sup>th</sup> century, there was shrinkage of Ottoman trader associations. One of these was the growing volume of foreign trade. In retail businesses, new actors such as foreign merchants and trade agents replaced Ottoman traders in the city economy. Trader associations continued its presence until the Tanzimat period despite the restrictions of the state and increasing taxes and liabilities.<sup>13</sup>

One last point may be raised before we conclude this discussion on trade associations as a background to understand sarrafs: ownership of the trade group. The state organized the tradesman network as distinct guilds that are made up of small units

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<sup>10</sup> Ahmet Kal'a, *İstanbul Esnaf Birlikleri ve Nizamları* (İstanbul: İstanbul Büyükşehir Belediyesi Kültür A.Ş., 1998), 51.

<sup>11</sup> See. Engin D. Akarlı, "A Bundle of Rights and Obligations for Istanbul Artisans and Traders, 1750-1850," in *Law, Anthropology and the Constitution of the Social: Making Persons and Things*, ed. Alain Pottage and Martha Mundy, (Cambridge University Press, 2004), 166-200.

<sup>12</sup> Gabriel Baer, "Monopolies and Restrictive Practices of Turkish Guilds," *Journal of the Economic and Social History of the Orient*, 13 (1970): 151.

<sup>13</sup> Genç, Devlet ve Ekonomi, 299-300.

so they may operate in an egalitarian manner as communities.<sup>14</sup> The trade associations were not subject to ethnical or religious discrimination. Researchers agree that trade branches had a varied dynamic.<sup>15</sup> The fundamental diversity of the Ottoman Empire has led the trader networks to have a similar diversity. A trade that is dominated by a single group was very rare. For example, Muslims performed *debbağlık* exclusively, and the profession of *sarrafs* attracted only non-Muslims.

I will evaluate *sarrafs*' privileges and the features of *sarrafs* organizations in the Ottoman Empire with regards to the general features of the trade associations I have summarized above.

### **2.1.1. An Example of Guilds in the Ottoman Empire: The Sarrafs.**

It is accepted that data on *sarrafs* in the Ottoman Empire date back to the 15<sup>th</sup> century.<sup>16</sup> Instead of explaining the meaning of *sarrafs* as a term, we will describe the position they held within the Ottoman Empire as a trade group and how their duties and job changed, because our aim is to shed light on the transformation processes.

The *sarrafs* in the Ottoman Empire were located mainly in Istanbul. They profited from the differences in the value of foreign and native currencies that were in circulation under different names and different types and carats. *Sarrafs* acted as intermediaries in the buying and selling of these currencies. Although they started out with exchanging and buying-selling of currencies, they eventually became an integral part of the Ottoman financial system. Therefore, it will be helpful to discuss the changes in the Ottoman economical system that led to the expansion of the *sarrafs*' position within the Ottoman Empire, and how these developments contributed to the changes in the position and organization of *sarrafs*.

The *sarrafs* started to expand in the Ottoman Empire during the late 17<sup>th</sup> century. The years of 1683 through 1699 were particularly important. The empire was at war with several European states that formed an alliance. There was a massive financial crisis and changes were implemented that raised the importance of *sarrafs* in the Ottoman financial system. The first of these changes was a monetary reform that embraced new and domestic money within the empire. As the monetary regime

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<sup>14</sup> Ibid., 43.

<sup>15</sup> Araks Şahiner, "The Sarrafs of Istanbul: Financiers of the Empire" (MA Thesis Boğaziçi University, 1995): 71.

<sup>16</sup> Ömerül Faruk Bölükbaşı, "İstanbul Sarrafları (1691-1835), *Türk Kültürü İncelemeleri Dergisi* 30 (2014): 19.



changed and domestic money dominated the market through broad emissions, the business of the sarrafs grew.<sup>17</sup> This reform introduced the *kuruş* system and caused monetary relations to increase in the market. This important development in the monetization of the economy necessitated that the Ottoman government put millions worth of money pressed in the mint to the market and to ensure the validity of its own currency throughout the empire.

What was more important for the sarrafs was that the national treasury had a sudden buildup. During mid-17<sup>th</sup> century years, the national budget was about 500 million *akçe*. However after the 1690's, it surpassed one billion.<sup>18</sup> Previously, foreign currencies circulating in Ottoman markets were wiping out Ottoman money. This circulation increased the currency exchange function of the sarrafs. With the growth of the budget, the volume of the dealings that involved the sarrafs increased and strengthened the sarrafs. This must be why though we have very few data regarding the sarrafs before the 17<sup>th</sup> century but abundant data starting with the 18<sup>th</sup> century.

The swift and nearly twofold increase in the budget caused the sarrafs to grow as well. The growth of the budget continued after it showed a 100% increase at the end of the 17<sup>th</sup> century.<sup>19</sup> In principle, the instantaneous growth of the emission volume and the addition of *mukataas* continued to increase the budget. Especially after the 1760's, more money than half the revenue of the national budget was put into circulation each year. Monetization expanded, budget grew and the sarrafs continued their transactions at the same interest rates. With more individuals, the volume of deals increased and along with income-expense accounts, the sarrafs grew and were able to obtain great profits.

It must be noted here that sarrafs required more capital than other traders because they needed to buy and sell valuable goods and lend credit to *tax-farmers* within the Ottoman financial system. The privileged interest rates allowed to the sarrafs were a necessity for the economy and the treasury. The imperial treasury would

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<sup>17</sup> Şevket Pamuk, "Money in the Ottoman Empire," in *An Economic and Social History of the Ottoman Empire 1300-1914*, eds. Halil İnalçık and Donald Quataert, (Cambridge University Press, 2005), 966-968.

<sup>18</sup> Erol Özvar, "Osmanlı Devleti'nin Bütçe Harcamaları 1509-1788," in *Osmanlı Maliyesi Kurumlar ve Bütçeler*, eds. Mehmet Genç and Erol Özvar, (İstanbul: Osmanlı Bankası Arşiv ve Araştırma Merkezi, 2006), 218-297. Genç and Özvar have published many charts on budgets for the mentioned dates in this work.

<sup>19</sup> For details on the growth of budget bkz. Ahmet Tabakoğlu, *Gerileme Dönemine Girerken Osmanlı Maliyesi*, (İstanbul: Dergah Yayınları, 1985).

not survive otherwise. Although sarrafs are considered in the trade business, the profit margin allowed for other tradesman and merchants was about 10%, while the sarrafs were allowed a profit margin matching the interest rate allowed them at around 20-24%. The most decisive cause of this consequence was that the sarrafs had an important role as creditors of the *tax-farming* sector and a means of its operation.

The starting point of the association is accepted to be 1691, when they were given *gediks* (privileges) as the first stages of their organization.<sup>20</sup> We do not have any information about any privileges given them in the earlier periods. The newly published İstanbul-Galata-Üsküdar and Eyüp court registries contain no information on sarrafs prior to the 18<sup>th</sup> century and there has been no other work done using different source material. Because of the lack of information based on sources in Armenian we were unable to include these sources despite the fact that most of the sarrafs were of Armenian descent. New works taking into account Armenian archives will surely help us acquire newer and broader information on the subject. Accordingly, Hagop Barsoumian, in his work relying primarily on data provided by Armenian historians, has made important remarks on the sarrafs prior to their arrival to Istanbul.<sup>21</sup> What he had in mind, perhaps, was the means by which Armenians came to Istanbul and how they established an exchange business because the sarrafs needed to have certain savings in order to fulfill the mentioned duties of a sarraf.

Known formerly as *Eğın*, *Kemaliye* was a mountainous district unfit for agriculture. Armenians who were engaged in trade largely occupied it. They would trade vegetables and fruits they grew with grain from the neighboring villages, while some other merchants brought goods from Halep and Istanbul in order to sell them to other villagers. Eventually, some Armenian merchants who lent money to their customers stepped out to collect these debts, functioning like sarrafs. These Eğinian merchants saved the earnings they obtained from these credits in order to accumulate capital. They then used their capital to exchange money and valuable goods. Their intent was to become sarrafs that lent credit to state officials.

Regarding the interest practice; as far as we know, the Ottoman government had legalized interest beginning in the 16<sup>th</sup> century under such names as *muamele-i şer'iyye*, and *ilzam-ı ribh* in agreements made in front of a judge. The maximum

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<sup>20</sup> Bölükbaşı, "İstanbul Sarrafları," 24.

<sup>21</sup> Hagop L. Barsoumian, *Amiralar Sınıfı* (İstanbul: Aras Yayıncılık, 2013), 70-72.

amount of interest accepted by the state was 15% in the 16<sup>th</sup> century.<sup>22</sup> Monetary foundations<sup>23</sup> as credit corporations and the property of the orphaned were allowed interest provided that it did not exceed 15%. Though the maximum was 15%, the minimum rarely dropped below 10%. There are many examples of monetary foundations generally using 10% to 15% interest rates. Timur Kuran has posited that a 14.1% nominal interest rate was widespread and accepted throughout the 17<sup>th</sup> century by evaluating many examples regarding interest deals.<sup>24</sup>

Despite this, the maximum interest rate allowed to the sarrafs was 25%. This number did not change until the second half of the 18<sup>th</sup> century. Beginning with the first half of the 18<sup>th</sup> century, it fell down to 20% and did not change until the 1850's. Sarrafs would use the assets of the monetary foundations and orphanages as loans while giving credits at an interest rate of 25% or 20% beginning with the 18<sup>th</sup> century.<sup>25</sup>

While sarrafs gave loans and credit, they accepted investments as well. It is thought that they paid investors an interest of about 15% they lent credit at an interest rate of 20%. Without a doubt, the difference between these rates helped them accumulate capital.

### **2.1.2. The Structural Features of the Sarraf Association and Their Privileges**

The first data in the Ottoman archives about the institutionalization of the sarrafs date back to 1691.<sup>26</sup> Alongside privileges and institutionalization, the transformation of the sarrafs we may find the all the way to 15<sup>th</sup> century must be the entailment of the changes and problems of the period. On the other hand, there is an evident lack of sources on this subject. The high number of sarrafs in the İstanbul, Üsküdar, Eyüp and Galata region that were not supervised properly would cause confusion in the market and the financial system. This confusion would lead to a lack

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<sup>22</sup> For the explicit Divan verdict on this rate bkz. BOA. Mühimme Defteri 5/s.33-darphane.78 (14 M 973) 11.08.1565.

<sup>23</sup> Jon E. Mandaville, "Faizli Dindarlık: Osmanlı İmparatorluğunda Para Vakfı Tartışması," trans. Fethi Gedikli, *Türkiye Günlüğü 51* (Yaz 1998), 129-144; Ömer Lütfi Barkan, "Edirne Askeri Kassamına Ait Tereke Defterleri (1556-1659)," *Belgeler*, 3 (1966), 31-46. Discussions about the monetary foundations' legality in the Ottoman Empire.

<sup>24</sup> Timur Kuran, *Mahkeme Kayıtları Işığında 17.yüzyıl İstanbul'unda Sosyo-Ekonomik Yaşam*, eds. Timur Kuran (İstanbul: Türkiye İş Bankası Yayınları, 2013), 10-12.

<sup>25</sup> Süleyman Kaya. "18. Yüzyıl Osmanlı Toplumunda Kredi" (Yüksek Lisans Tezi, Marmara Üniversitesi, 2003).

<sup>26</sup> Bölükbaşı, "İstanbul Sarrafları," 24.

of valuable goods for the Imperial Mint to acquire. Consequently, a privilege was given to them and they were limited in number in order to avoid confusion. According to this new solution, 12 sarrafs were officially registered in the Istanbul Imperial Mint by name, and 12 anonymous *yamaks* (helper) were given to them as staff. Whoever the sarrafs accepted would be recorded as *yamaks* so only a total of 24 sarrafs were allowed to practice the profession of sarrafs.<sup>27</sup>

As it was the case with many occupational groups, the state placed a limit on the number of individuals practicing a trade to control it. The case of sarrafs was much more important to the state than other groups. The state was required to constantly intervene in the growing number of non-privileged sarrafs as they were operating illegally and caused instability. Between the years of 1691-1733, sarrafs were constantly given *nizams* (regulations) because it was a profession with a high profit margin that was desired by many individuals to benefit from the difference between the interest rates for buying cheap deposits and lending. The mentioned dates correspond to the first growth period of the sarrafs. The main reasons behind the numerical increase of the sarrafs are the changes in monetary regime, increase in monetary relations and growth of the budget. This way, the sarrafs increased in number and their functions became deeper and intensive.

We are able to acquire information about the liabilities of the sarrafs through the regulations given to them. After the interventions and controls, it was determined in 1712 that 40 sarrafs and 10 silversmiths were to be added, and they would sell 36,000 *dirhems* to the Imperial Mint at a lower price than the usual market rate. The same regulation dictated that if a sarraf were to supply silver to anywhere but the Imperial Mint, their assets would be seized and they would be incarcerated.<sup>28</sup> In the year 1739, the number of sarrafs increased to 72 so they would supply the Imperial Mint with 400 dirhem per person, thus accommodating the changes in the market.<sup>29</sup> Individuals from other occupations such as bakers, cup makers and perfumeries were barred from secretly practicing the business of the 72 sarrafs.<sup>30</sup>

From the very beginning, these regulations required the sarrafs to sell a certain amount of silver to the Imperial Mints at a specific price in retain for certain privileges.

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<sup>27</sup> BOA. MAD. 3861, 23.

<sup>28</sup> BOA. MAD.1673, 186-188.

<sup>29</sup> BOA. MAD.10339, 213. 20 Ra 1152 (27 Haziran 1739).

<sup>30</sup> BOA. MAD. 9979, 185. 16 R 1169.

However, the sarrafs complained of selling silver to the Imperial Mint at a lower price than the going market rate. Subsequently, beginning in 1740, they were to make a certain amount of cash payment instead of silver. The monthly payment of 750 kuruşes of cash by the sarrafs was called *iştira bedeli*.<sup>31</sup> For every privilege, 10 kuruş were paid to the Imperial Mint. Because of the long war of 1768-1774, the sarrafs were unable to pay the monthly bill of *iştira* because of their poor financial situation. Some abandoned their work and fled. Although the right to use a sarraf shop could be there was no one who actually was willing to pay the monthly fee. They were to pay the 4,087.5 kuruşes that accumulated in five years and pay five kuruşes instead of 10 until they had their job in order.<sup>32</sup> After 1821, the price of *iştira* was re-raised to 10 kuruşes and the sarrafs were obliged to pay a further *muaccele* upfront in order to acquire a sarraf shop. However, we do not have information as to when this condition was enforced and what the preliminary amount was. A document dated 1835 shows us that the amount of *muaccele* paid by a first class sarraf was 7,500 kuruşes for a first time, or 5,000 if it passed on to his son. Second class sarrafs had to pay 1,500 for the first time and 1,000 kuruş if it passed on from father to son.<sup>33</sup> In other words, the privilege of working as a sarraf was different from the same privilege in other guilds, as one had to pay a certain fee (*muaccele*) for the privilege to pass on from the father to the son. This privilege was certainly one of the most important elements in the sarraf occupation. However, it was not enough to pay the *muaccele* to acquire the privilege of working as a recognized sarraf. The sarraf needed to meet other criteria in order to be qualified in obtain that privilege. Being trustworthy, having a strong capital and financial profile, a shop where he and his helper would process transactions were a few of these requirements. This information would be registered into the *baş muhasebe* and an acknowledgement of the sarraf's privilege to work as a sarraf would be given to him.<sup>34</sup>

The most important of these regulations that concerned the sarrafs were those issued in 1835. This legislation split sarrafs into two groups as first and second-class

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<sup>31</sup> Bölükbaşı, "İstanbul Sarrafları," 23-24.

<sup>32</sup> BOA. DBŞM. 6570, 163. 28 Ekim 1781-16 Şubat 1784.

<sup>33</sup> BOA. C.DARB. 420. 29 Mayıs 1804; İ.DH.374/24741 "Ölen sarraf Hayim'in gediği, oğlu Avram Hayim'e istidası ve ehliyetine binaen intikal ediyor."

<sup>34</sup> Bölükbaşı, "İstanbul Sarrafları," 30-31.

sarrafs.<sup>35</sup> It is strongly possible that this happened because the demand to work as a sarraf grew and new elements doing the same work were added to the list. According to 1844 count of the traders and artisans in Istanbul, there were 94 sarrafs, 76 brokers (poliçeci) and 300 jewelers in operation.<sup>36</sup>

Sarrafs were a trader group connected to the Imperial Mint. According to the 1762/63 legislation, sarrafs were required to warrant each other, provide services such as *cizyedar*, *mültezim* to the state, not allow any outsiders into their business while observing the structure they were in, sell gold and silver to the Imperial Mint and provide valid and right money of all sorts in exchanges.<sup>37</sup>

Lastly, I have to comment on regulations related to the working conditions of sarrafs. I have already mentioned that sarrafs were allowed an assistant. From this we understand that sarrafs had partners. We can clearly observe this in the sarraf registry I have examined in the Imperial Mint catalog.<sup>38</sup> Sarrafs were engaged in corporate partnerships as well, although not in the modern sense of the word. Sarrafs would process their transactions individually in this partnership, which had no legal status.<sup>39</sup>

Sarrafs, who accepted deposits and worked with interest, would appeal to the Imperial Mint in the case of a dispute.<sup>40</sup> An individual who had a problem with a sarraf would also appeal to the Imperial Mint.<sup>41</sup> Similarly, lawsuits on debts were handled under the inspection of the Imperial Mint. When Şabcı Buhur, a merchant, in Valide Han complained that he could not collect the money sarraf Kaspar owed him the transactions were inspected by the Imperial Mint's stewards of sarrafs kethüda and other respected sarrafs. They determined that Kaspar owed Buhur Yahudi 109,000 kuruş. Subsequently, it was arranged for the debt to be paid in 4 years in 4 installments.<sup>42</sup> As the example shows, the debtor was not put under pressure and the debt was divided into parts for easier payment.

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<sup>35</sup> Halil Köse, "140 Numaralı Darphane Defterine Göre (Darphane. 1251-1260/1836-1845) Osmanlı Devleti'nde Sarraflar" (Yüksek Lisans Tezi İstanbul Üniversitesi, 2010): 19-25. It is possible to see the names of first and second class sarrafs as tables in the mentioned pages.

<sup>36</sup> BOA, C.İKT., 1686.; BOA, C.MAL., 20477.

<sup>37</sup> BOA, C.DRB., 2714.

<sup>38</sup> 1844-1866 (Darphane.1260-1283), BOA, D.DRB.d (Darphane Sarraf Defteri), nr.167.

<sup>39</sup> 2 Mayıs 1804 (21 Muharrem 1219), BOA, D.DBŞM.DRB.,14/104.

<sup>40</sup> BOA, MAD.,10254, 22 (26 Eylül1808).

<sup>41</sup> BOA, C.BLD.,486 (8 Ağustos 1833). "Papazoğlu Vasil ve oğlu Yani, esnaf tarafından Imperial Mint Nazırı Nafiz Efendiye verilen mahzarla esnafıktan çıkarılıyorlar. Kısa sürede mevcut işlerini tasfiye edecek ve bir daha sarraflık yapamayacaklar"

<sup>42</sup> BOA, MAD.,10263, 12 (28 Mayıs 1815).

When talking about sarrafs, usually an important point is missed: the existence of Muslim sarrafs. The sarraf occupation was in its essence a monetary business, and required expert knowledge of exchange rates between very various domestic and foreign currencies, and their quality. In this occupation, there was no difference between Muslims and non-muslims regarding knowledge, experience and expertise. There were Muslims that had knowledge of the profession, as well as Muslim sarrafs that took part in institutions that had large transactions such as the Istanbul port, Izmir port or the Halep tax collecting (*muhassıllık*). However, there were no Muslims in the credit institutions that capital holders formed and received and gave interest.<sup>43</sup>

Another important remark is on the time and location of the sarrafs. This is because sarrafs were primarily located in inns within the city walls (*sur içi*), operating in rooms and shops. Although it is a widespread conception that the sarrafs moved outside the wall in the 18<sup>th</sup> century especially to Galata, Bölükbaşı has showed the lists in his article that even in the beginning of the 19<sup>th</sup> century, the operations inside the city walls continued.<sup>44</sup>

I have tried to show the general features of the Ottoman tradesman network and the sarraf tradesman within it, the contents of their occupation and their development in this short introduction. We see that the sarraf institution started off as a financial and economic necessity in the Ottoman Empire. In the same way, I explained their occupations prior to coming to Istanbul and how they started this occupation with the use of limited sources. The next part inspects the sarrafs change from money exchangers to a credit institution.

## **2.2. The Function of Sarrafs in the Ottoman Treasury**

In this section, changes that occurred in the Ottoman tax system and parallel changes in the functions of the sarrafs are evaluated. The beginnings of the sarraf rest on supplying silver and gold to the Imperial Mint. In the following period, the Ottoman tax collection process changed and the tax-farming system formed. With this development, I argue the sarrafs became an integral part of the financial mechanism. As much as they were credit institutions supplying state officials with credit, sarrafs were at the same time a bank of deposit, thanks to people who deposited money to

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<sup>43</sup> BOA. KK. 2468, 96. 16 Mayıs 1655.

<sup>44</sup> Bölükbaşı, “İstanbul Sarrafları,” 33.

them. There is an abundant amount of data on credits and interest rates between sarrafs and individuals to whom they supplied credit. On the other hand, we have nearly no information on the interest rates or amounts in the relation between the sarrafs and their creditors.

Subsequently, the effects of the Anatolian and Rumelian sarraf groups on the state's financial system as a means of easy tax collection are the last remarks I will add within the limits of this work. It was only possible through the work of Barsoumian that covers broadly the Armenian literature, the establishment of Anatolian and Rumelian groups that caused a characteristic change in the structure of sarrafs.

### 2.2.1. Sarrafs as Financers of the İltizam System

Before establishing a connection between the sarrafs and their most important function in the tax collection method called *tax-farming*, it is important to discuss the liabilities of sarrafs towards the Imperial Mint. The sarraf had certain commitments to the state from the beginning, but these commitments changed over time.

Those sarrafs who were given a privileged status by the state were now registered and thus controlled. Since the organization of sarrafs into an exclusive association sarrafs became an element of control in the financial system. They primarily supplied the necessary financial support to state officials such as *cizyedar*, *mültezim* and *malikaneci*.<sup>45</sup> As we have mentioned earlier, when we think about the profit margin allowed in the Ottoman financial system, large capital savings and an institution that would finance this system in the empire was needed in order to carry out the tax farming and malikane system. Sarrafs played an important role in this matter, using their capital in this system in exchange for a profit margin allowed by the state.

In earlier periods, the sarrafs were played an important role also in money exchange, which made up the vast majority of their activities and business. This is because they pledged to use the *sikkas* minted by the Imperial Mint and called *sags*, genuine in the transactions instead of the defective coins (*nakıs sikke*) that threatened the stability of Ottoman currency and was widely used on the market and shopping and was withdrawn from circulation with the will of the Imperial Mint.<sup>46</sup> Sarrafs

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<sup>45</sup> Bölükbaşı, "İstanbul Sarrafları," 21-22.

<sup>46</sup> Ibid., 22.



performed important function by collecting this gold and silver the circulating of which was illegal and giving it to the Imperial Mint. In areas where there was no sarraf to execute this function, *mukataat multezims* and *muhassıl-ı emval* performed it.<sup>47</sup>

The Ottoman economy had a system dependent largely on taxes collected from agriculture produce, as it was typically the case in pre-industrial economies. Any problem that could arise in such an economy was also true for the Ottoman economy, such as the difficulties in the collection of taxes, communication and transportation, storage of taxes collected in kind, their exchange into cash, transmission of the revenue to the central treasury, and the payment of state officials and other expenses. The Ottomans adopted the *tımar* system in the early years of the empire in order to deal with these problems. With this system, the state entrusted the *tımarlı sipahis* with the task of collecting the taxes in their own specific areas where they provided administrative and military services. These officials, who were part of the economical and political order in their respective areas, also protected the source of tax and the general population in their own interest. Together with this, the government needed cash money for the central army, navy and other expenditures. In order to fulfill this demand, the state adopted the *tax-farming* system alongside the *tımar* system.<sup>48</sup> For this reason, three points were important for the tax farming: auctions and competition to maximize the revenue steady flow of the treasury and payments. The *asl-ı hazine-i hakikiye* is the guarded treasury.

We must define the tax-farming system that is used together with the sarrafs in its most basic form and determine where it stands within the system, and how the sarrafs were integrated with it in time in order to understand the changes in the function of sarrafs. Although we don't know exactly when tax-farming began, we see its first examples in the 15<sup>th</sup> century and have reason to believe that may have started it earlier. It is possible to define tax farming as follow:

It is a warranting, generally confined to a location, of the collection of taxes mukataa that location or expresses that location as a financial unit. A warranter or mültezim agrees to pay an annual amount paid in cash and mostly determined by auction. Multezims take the profit above this amount and meet the losses as well. The agreement was valid for a predetermined time.<sup>49</sup>

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<sup>47</sup> BOA, MAD.d.,nr.10206, s. 229.

<sup>48</sup> Genç, Devlet ve Ekonomi, 96.

<sup>49</sup> Mehmet Genç, "Osmanlı İltizam Rejimi ve Değişmeleri," *Active Dergisi* özel eki, *Activity*, (Kasım-Aralık 2001): 6-7.

According to the tax-farming method, the highest bidder and most trustworthy mültezim would pay the cash he owned to the treasury thus supplying the treasury with cash while holding the rights to operate the mukataa for a certain period of time. The status of the sarrafs in the tax-farming sector can be clearly seen in the definition of tax farming and the guarantorship it required. In the beginning iltizams were limited. When a growing part of Ottoman lands turned into mukataas over time, sarrafs too became important as a network of credit institutions and a part of the tax-farming regime. Many people of diverse backgrounds, non-Muslims, Muslims, the general population, soldiers, natives and foreigners alike, became involved in tax farming. Both filling a hole and clashing with the tımar system, the tax-farming system expanded a long with changes occurring in the world economy and the growth of cash economies. New tax items were added to those collected through tax-farming and new taxes, money adulteration, and confiscation appeared as possibilities the Treasury's need for cash.

The sarrafs were able to adopt the full role of guarantor by supplying the tax-farming regime with cash capital. Most importantly, the sarrafs had financial power. Sarrafs stood out not only with their capital in the tax-farming sector, but also with their associational structure formed like a bank. They transferred money to and from rural areas to central business districts, thus supplying cash the treasury needed in a short time.<sup>50</sup> When more mukataas were added to lands subject to tax farming, more sarrafs were needed as well. To prevent the subversion of tax sources by leaving mukataas to one mültezim's disposal and transforming sources that were not previously mukataas into mukataas, the *malikane* application was adopted in the end of the 17<sup>th</sup> century. Accordingly, the tımar system was revived through the malikane system. An important source of revenue was added to the treasury. The malikane system became an important step in the constitution of a social and economic structure together with the protection of the general population. Like all new applications in the Ottoman system, the malikane too can be considered a compound of tax-farming and tımar regimes. It is similar to the tımar system in the sense of relying on prediction of the future yields, and to tax farming in that the follow of cash payments remains unhindered.<sup>51</sup>

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<sup>50</sup> Yavuz Cezar, "18. ve 19. Yüzyılda Osmanlı Devleti'nde Sarraflar," in *Gülten Kazgan'a Armağan Türkiye Ekonomisi*, ed. Hilal Akgül, Fahri Aral, (İstanbul Bilgi Üniversitesi Yayınları, 2004), 204.

<sup>51</sup> Genç, Devlet ve Ekonomi, 99-106.

### 2.2.2. Sarrafs as Credit and Deposit Institutions

The role of sarrafs in economic life was multifaceted. Operating similarly to modern banks, sarrafs accepted deposits, and mediated any kind of high scale payments. They had a business relation with the state treasury with high officials with high incomes and others. Thus the documents at hand indicate that, for example, an official in Istanbul would pay a monthly fee to sarrafs for regular payments to his family (Harem).<sup>52</sup> Ordinary sarrafs and treasury sarrafs or *kuyruklu* sarrafs had their respective areas of activities.<sup>53</sup>

Ordinary sarrafs were the group other than the sarrafs I refer to as credit institutions that exchanged money and profited from the difference between the values of these transactions.<sup>54</sup> Privileged sarrafs who were part of association could work in their own shops if they had the necessary capital. If not, they were allowed only to work with other sarrafs. Thus having a privileged status was important for sarrafs. On the other hand, respected sarrafs or the treasury sarrafs were closer to the treasury rather than Imperial Mint. They were referred to as merchant or merchant (*bezirgan*) sarrafs. They had more capital than the regular sarrafs and supplied finances to the tax-farming system. Khans and covered bazaar where cities commercial activity was carried out had sarraf rooms. The registries they kept are a valuable source of information regarding the nature of disputes between sarrafs and their customers as well as interest rates and relations between sarrafs.<sup>55</sup>

Treasury sarrafs were also called *kuyruklu* because the government gave them special permits and privileges. Thus, these sarrafs were able to work with the state treasury after paying a warranty fee.<sup>56</sup>

Sarrafs worked together with the *mültezims* who collected taxes in rural areas in the tax-farming system. This is because the *mültezim* had to provide a guarantor to the treasury in order to assure payments. These were sarrafs who had financial power and capital. If the amount was not paid or there was a problem, the state would address

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<sup>52</sup> BOA, C.DH., 2796.

<sup>53</sup> Cezar, "Osmanlı Devleti'nde Sarraflar," 181.

<sup>54</sup> Ibid., 182.

<sup>55</sup> Yavuz Cezar, "The Role of the Sarrafs in Ottoman Finance and Economy in the 18th and 19th Centuries," in *Frontiers of the Ottoman Studies: State, Province, and the West vol.1*, ed. Colin Imber, Keiko Kiyotaki, (London: I.B. Tauris, 2005), 61-75.

<sup>56</sup> Cezar, "Osmanlı Devleti'nde Sarraflar," 186; Barsoumian, *Amiralar Sınıfı*, 87.

the sarraf directly whether or not the *mültezim* was rich.<sup>57</sup> The sarrafs not only financed the state treasury, but they were long-term tax collection rights in a specific region also financiers who undertook tax-farming duties. Those who obtained a *malikane* were high ranked officials. The majority of them were senior bureaucrats, soldiers or politicians. These individuals did not have a steady income. They were given some *has* and *mukataas* and they would benefit from these. They were financed by the sarrafs but in coordination with the state treasury. Generally high-ranking administrators kept a home in Istanbul and left their families there to go to rural areas. Sarrafs financed the family budget, paid their debts in shops and furnishers. Just like a bank, they undertook the daily cash payments of these individuals. This situation may have emerged earlier but it expanded after the 18<sup>th</sup> century.

They paid the salaries of state officials, took on tax farming in the provincial *mukataas*. Like entrepreneurs or *mültezims* needed money, they used to work as *mültezims*, the sarrafs financed them. The Ottoman state permitted interests on a de facto basis starting in the 16<sup>th</sup> century. With the increasing volume of transactions, sarrafs became mediators between notables, the Treasury and those who held tax collection rights (*malikanecis*). This strategic status strengthened their power and increased their numbers. The Imperial Mint registry number 167, which I evaluate shows us that the volume of the transactions that sarrafs had with generals was larger than that of any other group. Therefore, generals and high-ranking officials had an important role in the strengthening of sarrafs and vice versa. Subsequently, a general who was in tax farming business relied not only on his own wealth, but also on the financial power of his sarraf, who undertook the role of guarantor.

The most important basis of sarrafs was the financing of tax farming. The traditional Ottoman economic system had very limited private savings options. The sarrafs were the only group of merchants that were allowed in this area because they used these savings to supply the Ottoman financial system with credit. The sarrafs grew both in number and capital, along with tax farming but their importance was not limited to financing tax farming.

They also played an important role in supplying credit for the circulation of internal debt bills called *esham* in the 18<sup>th</sup> century, even supplying the treasury itself with short-term credits directly.

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<sup>57</sup> Barsoumian, *Amiralar Sımfı*, 88-89.

We have enough information to determine the nature of persons who received credit and borrowed from sarrafs. However we have very little information about the investors who lent money to sarrafs. The Imperial Mint registry I have chosen as the subject of this work contains data that show for the first time that we may develop an idea on the subject.

### **2.2.3. Anatolian and Rumelian Sarraf Groups**

The function of sarrafs in the Ottoman Empire underwent profound changes with the Tanzimat era. The first of these changes was the ban of the tax-farming system. Taxes were collected by *muhasıls* who were officials with salaries. This caused the main area of operation of the sarrafs to be abolished in the tax-farming sector. Consequently, sarrafs were deprived of a line of work from which they benefited for a long period and hence they found themselves many centuries, in a difficult position. With this change, salaried officials collected taxes, which were transferred to the center in cash or by bills through foreign merchants who had begun to enter the internal markets, in addition to external trade. The state organized 13 head sarrafs in two groups as the only official authority in transferring taxes on 17 May 1842<sup>58</sup> in order to save the sarrafs and prevent the domination of foreign merchants. These groups were called the Anatolian and Rumelian groups. For the first time in the history of the Ottoman Empire, they were given more privileges than foreigners. This group, which was distinct from the sarraf merchants, did not hesitate to pay 1.5% commission for domestic money transfers for the sake of patronage. However foreigners were able to transfer money much cheaper through trade. Despite all the efforts and incentives of the state, the sarrafs did not or could not find a niche in trade relations. Consequently, they failed to compete with foreigners and ended their operations in 1852. What is more important is the failure of salaried officials in collecting taxes in the Tanzimat era. After 1842, the state reverted to the tax-farming method and so the troubled years of the sarrafs ended.

### **2.3. Confiscation of Sarrafs' Estates**

I have mentioned that sarrafs and mostly the Armenian sarrafs, performed important functions in the Ottoman financial system. Although this occupation had a

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<sup>58</sup> BOA. I. MSM, 421.

good reputation and generated high profits, it also had its risks such as being subjected to confiscation of wealth death sentence, and bankruptcy. Sarrafs who undertook financial duties could become an object of speculative accusations. Mistakes that have led to accusations and intentional counterfeits might lead to accusations.<sup>59</sup> Moreover, the state might confiscate all the property of a deceased sarraf, thus punishing his family. Confiscation as a term implies the transmission of a public servants' private property upon his death for inspection, punishment or precaution. Confiscation was practiced in the Ottoman Empire since Mehmed II era in two ways: through death or punishment. Some confiscations accompanied exiles.<sup>60</sup> One example is the exile of Catholic Armenian sarrafs of the Ottoman sarrafs to Ankara. Some mild punishments were the deprivation of a sarraf from privileges or expulsion from the occupation.<sup>61</sup>

It must be stated that the method of confiscation also changed in time so as to prevent a misconception that it was only a form of punishment. That is exactly what the words of Selim III refer to in explaining the situation in his era:

.... ticaret ve sanat ve harasetle tahsil-i mal eylemiş adamlardan her kim vefat ederse mademki varisi vardır bir akçesi canib-i miriye alınmasın; lakin menafî-i devletimi kendüye me'kel eyleyüb emval-i miriyeden servet kesb eylemiş rical ve kibardan vefat eyliyenlerin malı ne benim ve de müteveffanın ve ne varislerindedir; ancak beytülmal-i müslimin ve emval-i miriyenindedir, tamamca alınır, hıfz-ı din ü devlet için sarf eylerim.<sup>62</sup>

According to this, those engaged in state affairs could abuse their authority to enrich themselves and this bears a certain risk and danger along with it.

Besides the punishment of sarrafs and their relations by the state, one might wonder how ordinary people thought of the sarrafs. Some travelers shared these thoughts, which may be considered unpleasant. Nevertheless, it is important to refer to traveler notes in order to understand the social views on the subject. First of all, many travelers unanimously observe that most of the sarrafs were Armenian.<sup>63</sup> They

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<sup>59</sup> Cezar, "18. ve 19. Yüzyılda Osmanlı Devleti'nde, 189.

<sup>60</sup> Fatma Nur Aysan, "II. Mahmud Döneminde Dersaadette Bir Ailenin Muhallefatı: Düzoğulları," (MA thesis İstanbul Üniversitesi, 2013): 3-7. This thesis is a detailed study of the confiscation of the estate of Düzoğulları family that had a high status and position in the Imperial Mint.

<sup>61</sup> Cezar, "Osmanlı Devleti'nde Sarraflar," 190.

<sup>62</sup> Ibid., 192.

<sup>63</sup> M.A. Ubcini, *Letters on Turkey: An Account of the Religious, Political, Social, and Commercial Condition of the Ottoman Empire* / translated from the French of M.A. Ubcini by Lady Easthope. (London: John Murray, 1856), 315.; Charles MacFarlane, *Constantinople in 1828*, vol.2, (London: Saunders and Otley, 1850), 112.; David Urquhart, *Turkey and Its Resources*, (London: Saunders and Otley, 1833), 108-112.

also record that sarrafs worked with partners; they sent their agents to collect taxes but the sarraf himself conducted financial transactions.<sup>64</sup>

Sarrafs were, in the eyes of travelers and society, people who earned much in a very short time. They benefited from fluctuations, working as usurers and using their money very carefully for maximum profit.<sup>65</sup> Thus, the sarraf occupation was not much respected.

### **2.3.1. Execution of Sarrafs**

One of the most severe punishments for sarrafs was execution. In the list made by Şahiner in his thesis covering the years 1746-1839<sup>66</sup>, not only the Armenians were subjected to execution and confiscation. The list covered 19 Armenians, 4 Jews and 3 Rums who were executed in 93 years. 3 people were executed between 1746-1752, and 23 more until the 19<sup>th</sup> century. On the other hand, this list on confiscation covers 97 years from 1755 to 1852. 16 Armenians, and 1 Jew were subjected to confiscation. In 1820, the inheritance of 4 Armenians was confiscated. The most important of them was Kazaz Artin, the private sarraf of Mahmud II. In 1828, 5 big Armenian families were subjected to confiscation.

Sarrafs most of whom were Armenian and who played an important role in financing tax farming, acted as mediators between officials who were involved in tax-farming and investors. The disputes that emerged between 1844-1863 related to these functions are registered in the Imperial Mint registry number 167, which is the subject matter of this master thesis.

## **CHAPTER 3**

### **AN EVALUATION OF THE IMPERIAL MINT SARRAF REGISTRY NUMBER 167**

#### **3.1. A Short Evaluation of the Contents of the Registry**

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<sup>64</sup> Urquhart, *Turkey and Its Resources*, 110.

<sup>65</sup> James Farley, *The Resources of Turkey*, (London: Longman and Roberts, 1862), 70.

<sup>66</sup> Şahiner, *The Sarrafs of Istanbul*, 62.

The Imperial Mint registry number 167 is made up of 222 pages (111 foils) and 625 decisions dating from the years 1844-1866. It covers the disputes related to the activities of Armenian sarrafs. The registry includes certain calculations to determine the debt of sarrafs who died, fled, or went bankrupt. The sarrafs' creditors occupation, title, religion and gender are noted next to their names.

The registry has information about 625 verdicts, the involved individuals' financial profiles, and relations with sarrafs, transaction volumes and the direction of changes. This thesis focuses on the cases of deceased 25 bankrupt or missing sarrafs out of total of sarraf from the 130 sarrafs on which the registry provides information. Nine of the 25 sarrafs were deceased, 14 were bankrupt and 2 had fled.

If we examine the registry's text, the cases with verdicts show us the procedure that applied to sarrafs' debts. This shows the existence of a certain system. According to this, the lender starts his request for payment by presenting a petition to the Bab-ı Ali. This is sometimes a sarraf demanding money from a state official or officer whether of lower or higher ranks,<sup>67</sup> or a merchant, trader or administrator demanding money from sarrafs.<sup>68</sup> Along with the borrower and lender, the kapı kethüda and some sarrafs from the kumpanya or lonca are summoned to the Imperial Mint and the case is heard and settled. Then, the Imperial Mint gives a statement (*ilmuhaber*) to both parties. The verdict is recorded in the registry. An example any case will help to illustrate the process.<sup>69</sup>

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<sup>67</sup> See BOA, DRB.d.,nr.167, p. 2, h. 3. "Sarraf Kirkor nam zimminin Bab-ı Aliye takdim eylediği bir kıt'a arzuhali mealinde dergah-ı ali gediklülerinden Tahir Bey zimmetinde ba-tahvil ma'a-güzeşte 30.000 bu kadar gurusu alacağı olub..."

<sup>68</sup> See BOA, DRB.d., nr.167, p.7, h.1. "Eğimli Osman Efendi nam kimesnenin rikab-ı hümayun-ı hazret-i şahaneye takdim eylediği bir kıt'a arzuhal meali firari sarraf Penganlı Ovanes ile Evreşe mukaatasından dolayı beynlerinde olan ahz ve itasının muhasebesi..."

<sup>69</sup> See BOA, DRB.d.,nr.167, p. 9, h. 2. "Kumpanya sarrafanından Aşnanoğlu Boğos zimminin Bab-ı Ali'ye takdim eylediği bir kıt'a arzuhali mealinde Kuşadası mübayaacısı esbak Hacı Arif Ağa zimmetinde ba-tahvil ma'a güzeşte 49096 gurusu matlubunun tahsili hususunu istid'a ve istirham etmiş ve arzuhal-i mezkur ferman-ı ali ile darbhane-i amireye havale buyrulmuş olduğuna mebni vüzera-i izam kapu kethüdaları ve lonca sarrafanı hazır oldukları halde tarafeyn darbhane-i amireye celb ile hesaplarına bakıldıkta ol-babda bi't-terkim takdim kılınan bir kıt'a defter mucebince sarraf-ı mersumun gayri-ez taahhüd ma'a-güzeşte matlubu görünen 91000 bu kadar gurusu matlubunun 4 kalem teslimatı olan 45000 gurusu fûrunihade olunarak mersumun 46680 gurusu alacağı tebeyyün etmiş ve mumaileyhin mağduriyet-i hali derkar bulunmuş olduğuna binaen meblağ-ı mezburun sırf güzeşte olarak 29000 bu kadar gurusu ile asl-ı maldan 790 gurusu bi't-terazi tenzil olunarak 16000 gurusu karar verilmiş ve meblağ-ı mezburun tediyesi dahi mumaileyhin iyaliyle bi'l-iştirak Bebekhanede mutasarrıf oldukları nisif hane mersuma verilip fûruhtuyla tesviyesi tensib kılınmış ve tarafeyn dahi olveçhile razı olmuş olmağla muvafık irade-i aliyye buyrulduğu halde darbhane-i amire defterlerine kayd ile tarafeyn yedlerine birer kıt'a ilmuhaber i'tasıyla tanzimine ibtidar kılınacağı canib-i nezaret-i darbhane-i



These cases provide useful information on sarrafs transactions. Thus if a bankrupt sarraf was in question, he most probably couldn't balance his debts and therefore declared bankruptcy when he could no longer pay his debts. The individuals who had transactions with this sarraf would not be able to fully collect their money from him so they would have to settle with the so-called *gurema* method or the division credit among creditors.<sup>70</sup> The estate of the sarraf was sold by auction. With this amount, together with the money he was owed, his debts are paid under the supervision of the Imperial Mint. The state is paid first, and then the rest of the money is split among investors according to their respective share.<sup>71</sup> The Imperial Mint determined the final amounts paid.

This registry, which contains the debts of *sarrafs* affiliated with the Imperial Mint, indicates that the money is to be pruned come from the sarraf's cash savings or real estate in the case of a sarraf's deceased, bankrupt or missing. It is important to note that some creditors did not want the *gurema* method and wanted to collect their whole share from the sarraf. The Imperial Mint desired to close the cases where even selling the whole real estate of the sarraf did not cover his debts. However, the creditors had no other option than to accept the *gurema* method.<sup>72</sup>

When we analyze the hearings recorded in the registry, we see that at most two stewards are assigned to a case.<sup>73</sup> They determine the debtors and if the sarraf has enough cash, a payment calendar is quickly prepared. However, especially in the case of bankrupt sarrafs, their real estate was sold in order to pay off debts. Other than that, the real estate of the sarraf that was transferred to his relatives was also calculated in the payment of debts.

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amireden ba-taqir ledel arz tesviyesine himmet olunmak babında sadır olan ferman-ı ali mucebince kayd olunup sarraf-ı mersum kibeline diğer ilmuhaberi verilmeğe keyfiyyet malum olmak için mumaiyleh Hacı Arif Ağa tarafına işbu ilmuhaber verildi. Fi 8 C sene 1260.”

<sup>70</sup> Gurema usulü (debt, indebted): “... Eğer borçların toplamı satışta elde edilen paralardan fazla ise rüçhanlı alacaklıların alacağı ödendikten sonra geriye kalan miktar belli oranla kalan borçlulara dağıtılır...” Fahrettin Atar, “İflas,” *Türk Diyanet Vakfı İslam Ansiklopedisi* 21 (2000): 509-512.

<sup>71</sup> Ibid.

<sup>72</sup> See BOA, DRB.d.,nr.167, p.1, h. 1.

<sup>73</sup> Ibid., p. 8, h. 1. “Fırari sarraf Penganlı Ovanes’in bazı emval ve zimematı mukaddemce ecille-i rical-i devlet-i aliyyeden saadetlü atufetlü Hacı Ethem Bey Efendi hazretleri marifetiyle... Penganlı Ovanes’in başka bir hükmünde “Vüzera-i İ’zam kapu kethüdalarından saadetlü Nesim Efendi hazretlerinin takdim eylediği bir kıta memhur takriri mefhumunda zimemat ve düyunun tesviyesine memur olduğu” şeklinde görevlendirildiğini görmek mümkündür.”

The present chapter contains graphs and tables that provide an anatomy of the *sarrafs*, providing in general information on the identity of the *sarrafs*, the volume of their total transaction, the identities of depositors or and borrowers the amount of loans and interest rates.

The common axis of this data is to analyze the *sarrafs* quantitatively and arrive at an evaluation. The main motivation for choosing registry number 167 of the Ottoman Ministry Archives is to understand the registers of the accounting and the circle of influence the *sarrafs* have within the Ottoman financial system. In the hopes of clearing the uncertainty covering the *sarrafs*, this thesis uses tables and graphics to achieve this cause. Answers were sought to questions such as “were *sarrafs* deposit institutions, to which groups did they supply credit, how did the existence of women and orphans affect *sarrafs*, where did the *sarrafs* acquire the required amount in order to fund the *iltizam* system apart from their own capital?” Such questions were answered through the data obtained from the graphs. The aim of such questions was to analyze the financial profiles of the *sarrafs* between 1844-1863.

### **3.1.1. Groups in Relation with Sarrafs**

When the data about the 25 selected *sarrafs* in registry number 167 are graphed, the resulting display is this: these 25 *sarrafs* had relations with a total of 545 individuals. Nine of the *sarrafs* died, 14 declared bankruptcy and two fled. 446 of those who had relations with the *sarrafs* were men, 64 women and 14 institutions, 12 orphans and 11 communities. It must be noted here that community implies a collectivity as in Uluköy community, or village and *kesan* that is group of individuals are groups of people with more than 11 individuals. Therefore, there must be more than 11 individuals in a community. So the total volume of transactions must be more than 546. Out of necessity, we had to accept each community as one relationship.

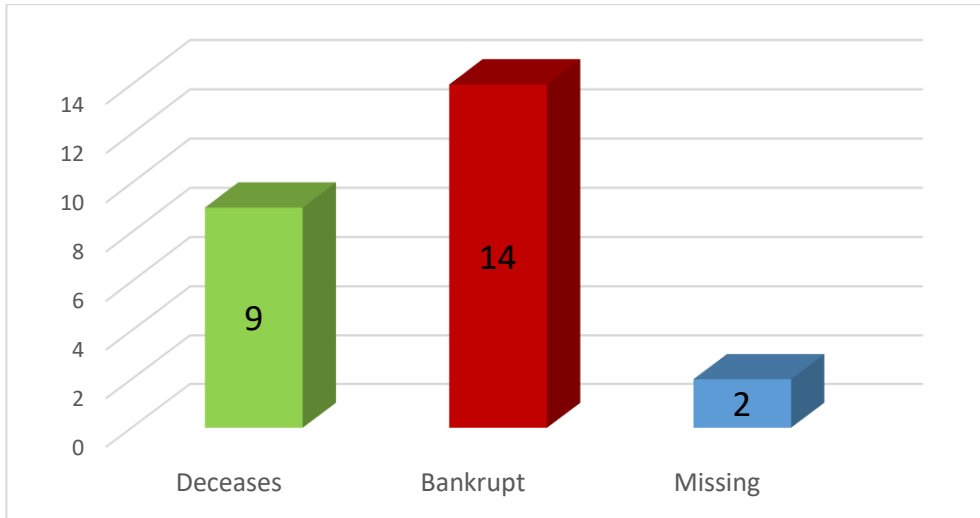


Figure 3.1. Total Numbers of Deceases, Bankrupt and Missing Sarrafs

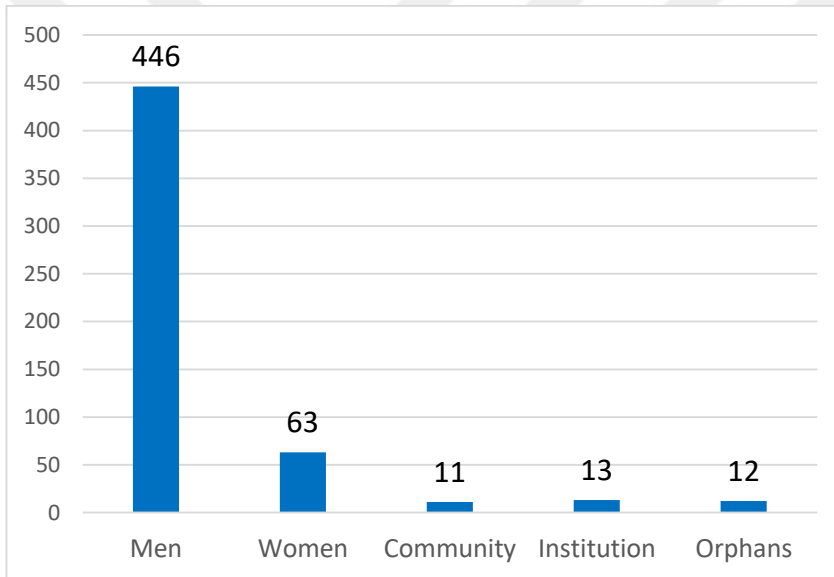


Figure 3.2. Sarrafs' Clients

### 3.1.2. Titles of Clients

When we subtract communities and institutions out of the 546 entries in relation to the sarrafs, there are 521 individuals within the transaction volume. As we have mentioned earlier, 446 of these are men, 64 are women, and 12 are unidentified. Only men out of these three groups are recorded with their titles. The titles of 301 out of 446 men are indicated. The titles of the remaining 145 are not menhood: 99 are ağas, 70 are efendis, 61 are beys, 40 are hocas, 16 are paşas, 13 are hacıs, and 2 are çavuşes. 82% are ağa, efendi, bey, paşa and çavuş, and all are Muslims. The rest 18% are non-

Muslims with hoca titles. Ağas are the most abundant with 33% while çavuşes are last with 1%. (See Figures 3,4,5).

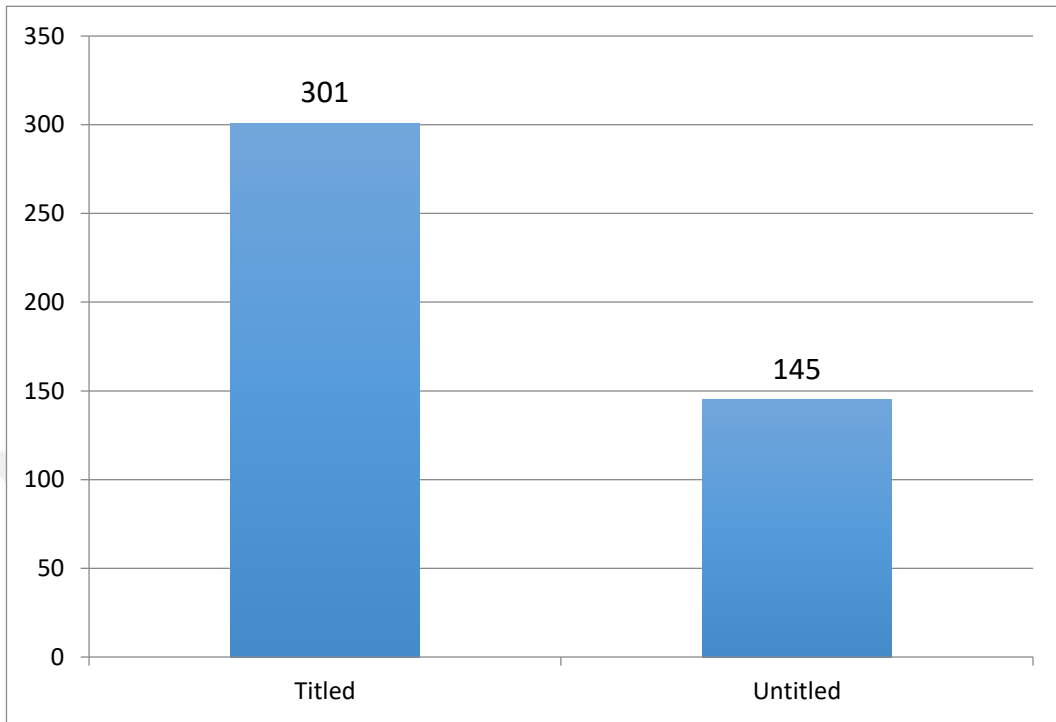


Figure 3.3. Titled and Untitled Clients of Sarrafs

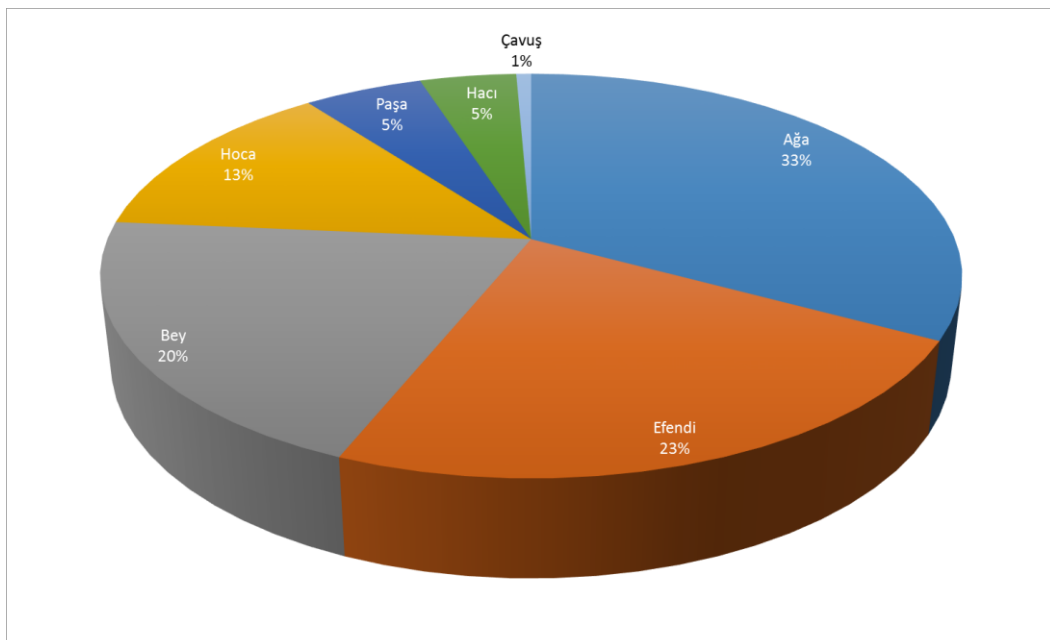


Figure 3.4. Percentage of Titled Clients of Sarrafs (%)

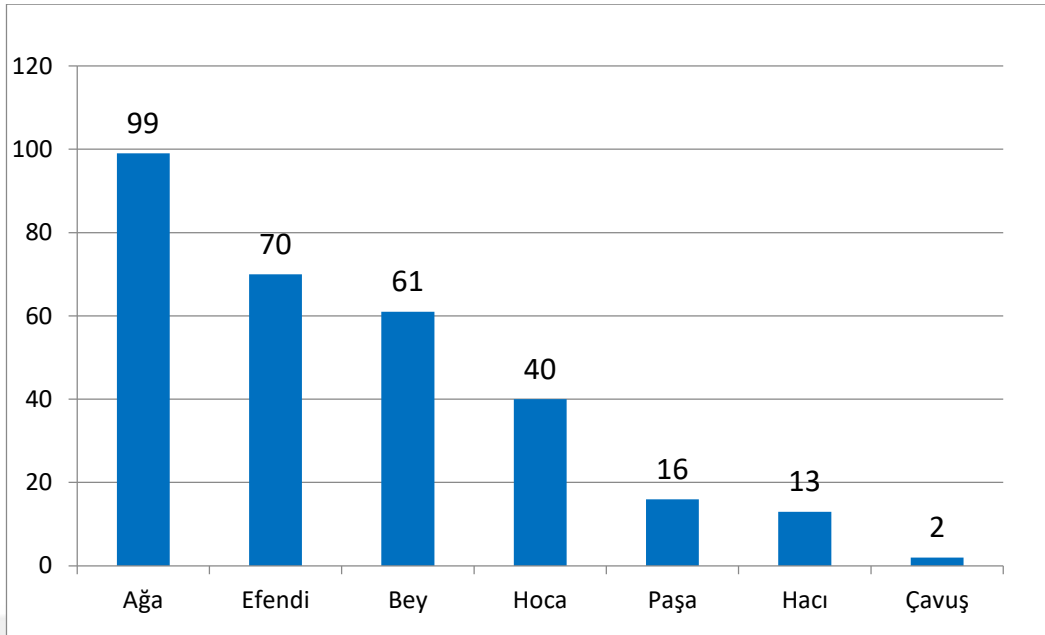


Figure 3.5. Numbers of Titled Persons Related with Sarrafs

### 3.1.3. Religious Composition of Clients

When we look at the religious affiliation of these individuals, we see that out of 510 people, 312 are Muslims and 213 are non-Muslims. This means that Muslims were the majority in this network making up 59% of the total. (See Figures 6,7)

Figure 3.6- Number of Muslim and non-Muslim Clients of Sarrafs

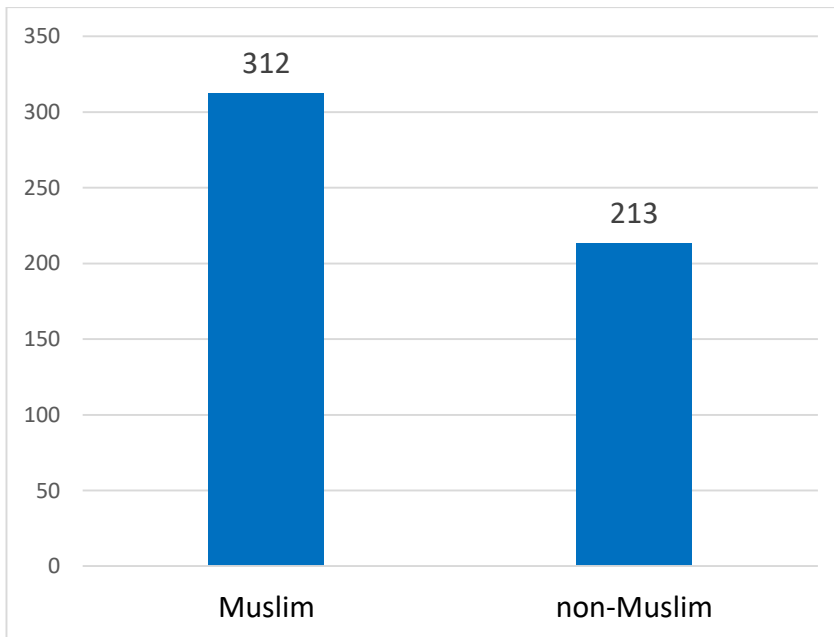


Figure 3.6. Number of Muslim and non-Muslim Clients of Sarrafs

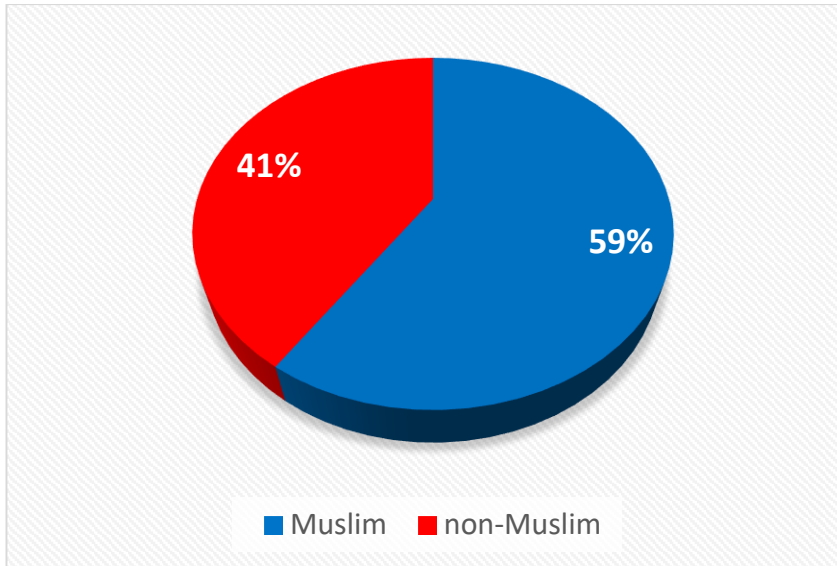


Figure 3.7. Percentage of Muslim and non-Muslim Clients of Sarrafs

### 3.1.3.1. Muslims

Out of 312 Muslims in this group, 259 or 85% were men and 45 or 15% were women (See Figures 8, 9).

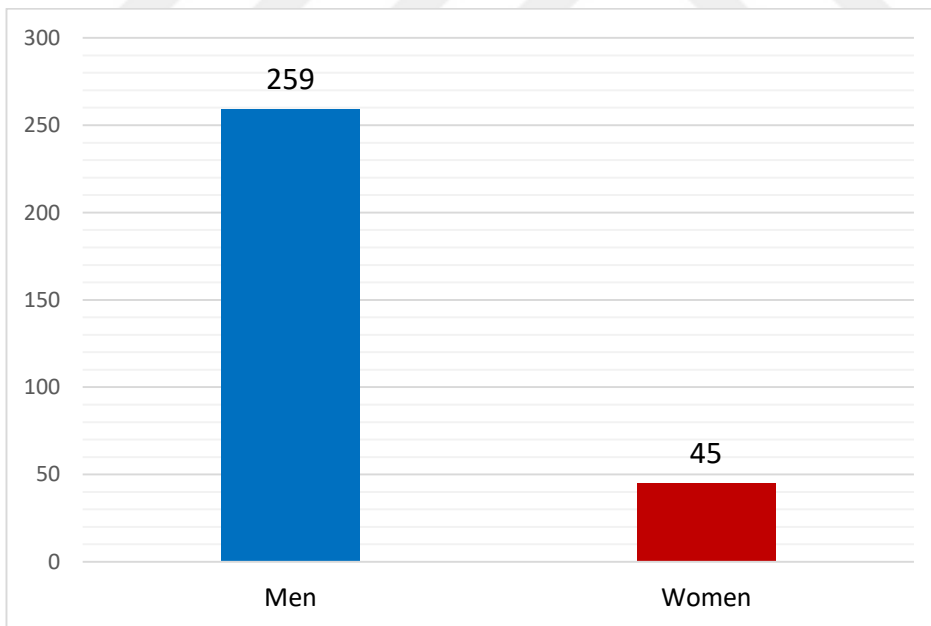


Figure 3.8. Sarrafs' Muslim Clients by Gender (Numbers)

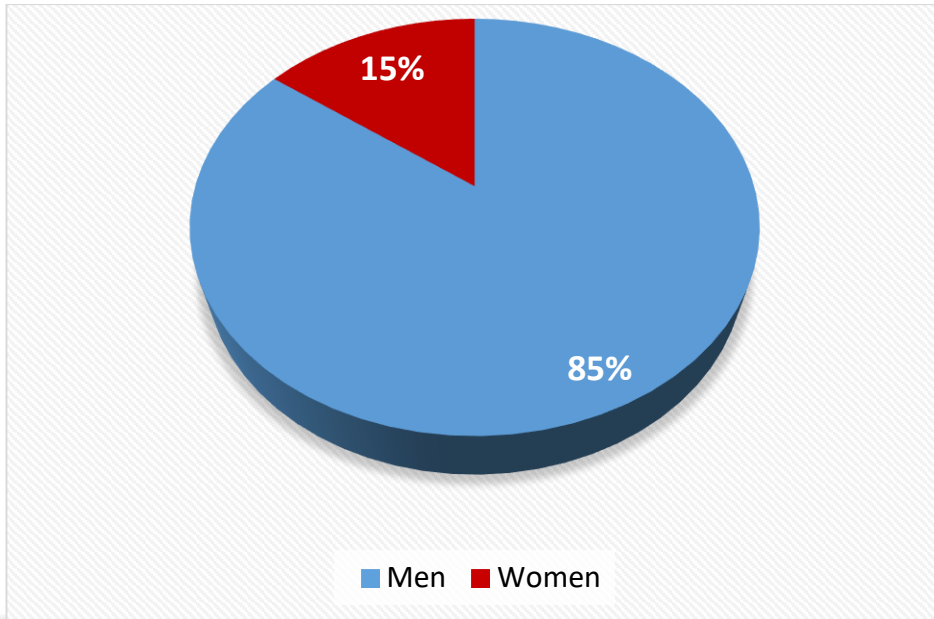


Figure 3.9. Sarrafs' Muslim Clients by Gender

### 3.1.3.2. Non-Muslims

The non-Muslim group is comprised of 187 men making up 91% of the total and 18 women that make up 18%. When Muslim and non-Muslim women are compared, we see that non-Muslim women were fewer in percentage (See Figures 10,11).

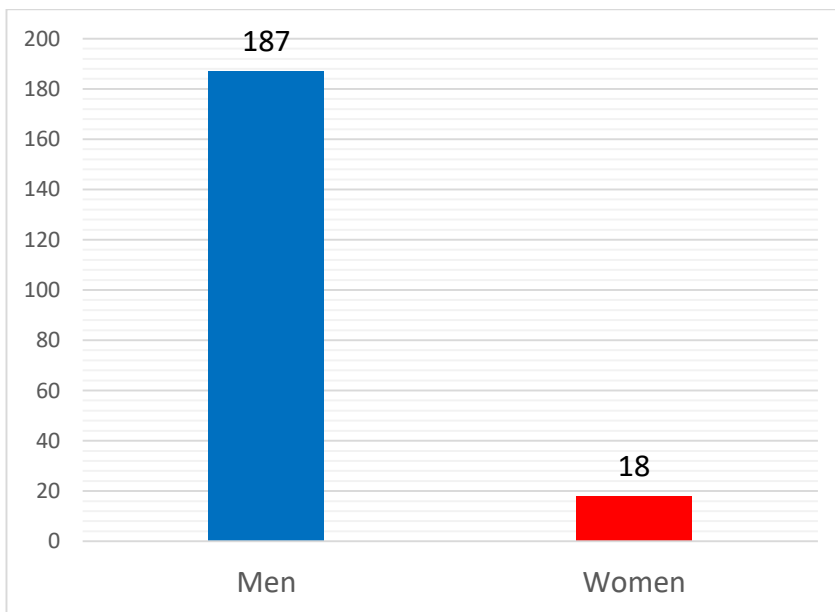


Figure 3.10. Sarrafs' non-Muslim Clients by Gender (Numbers)

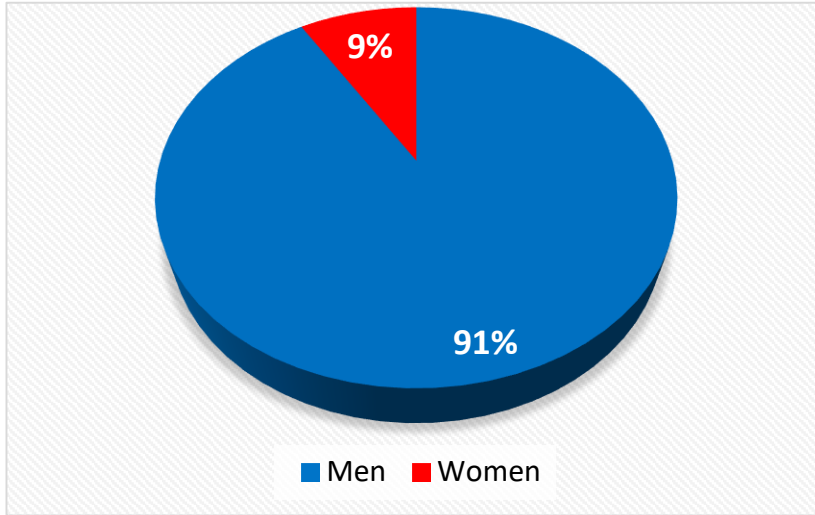


Figure 3.11. Sarrafs' non-Muslim Clients in Percentages

### 3.1.4. Occupation of Clients

One of the most important information this registry under survey us is the occupations of those who did business with sarrafs network. In total, the occupation of 248 creditors or 48% are given. There are 79 distinct occupations. (for occupations and number see Figure 12 and Table 1)

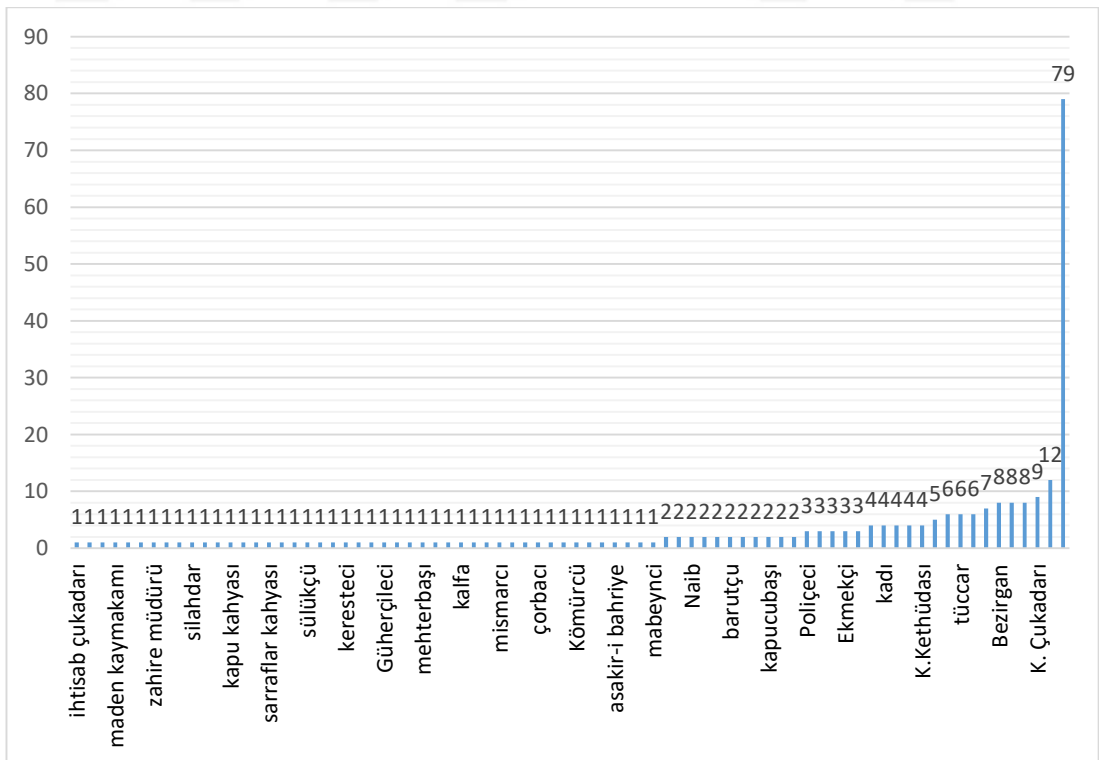


Figure 3.12. Distribution of Clients by Occupation



The number of Muslims with a known occupation are 119 while non-Muslims are 129. The numbers of Muslims and non-Muslims occupations whose are not indicated are 192 and 81, respectively. As we can see, although the numbers look equal between Muslims and whose occupations are known, this corresponds to 38.1% of the total in the case of muslims, and 60.5 %in the case of non-Muslims.

Table 3.1. Occupations by Numbers

Job	Num.	Job	Num.	Job	Num.	Job	Num.
İhtisab Çukadarı	1	Çavuş	1	Ferik	1	Kadı	4
Ahali	2	Çorbacı	1	Gulam	2	Kalemiye Çukadarı	1
Anbarcı	1	Defter Emini	1	Güherçileci	1	Kalfa	1
Anbarcı	1	Defterdar	4	Hakim	1	Kapu Kahyası	1
Asakir-i Bahriye	1	Dellal	1	Hamamcı	1	Kapucubaşı	2
Ayvaz	1	Duhancı	1	Hasırcı	2	Kasap	2
Bakkal	1	Düğmeci	1	Hazinedar	1	Katib	8
Barutçu	2	Ekmekçi	3	İplikçi	1	Kavas	1
Bezirgan	8	Enfiyeci	1	K. Çukadarı	9	Kaymakam	5
Celeb	4	Esnaf	2	K.Kethüdası	4	Keresteci	1
Kömürcü	1	Muhasebeci	2	Poliçeci	3	Tercüman	1
Kuyumcu	4	Mutasarrıf	1	Sarraflar	79	Tüccar	6
Lala	2	Mübayaacı	3	Sarraflar Kethüdası	1	Vali	1
Mabeynci	1	Müderres	6	Sarraflar Kahyası	1	Veznedar	1
Mad. Kay.	1	Mdr.Hacegan	7	Ser Etibba	1	Voyvoda	12
Maliye Mektupçusu	1	Mültezim	3	Silahdar	1	Yağlıkçı	1
Mehterbaşı	1	Müste'men	1	Sülükçü	1	Yazıcı	6
Miralay	1	Müşir	2	Şatır	1	Zahire Müdürü	1

Table 3.1. (continued)

Mismarcı	1	Naib	2	Tahsildar- Mütesellim	3		
Muhafız	1	Nakkaş	1	Tebaa	8		

It is possible to group these 79 occupations as administrator-official, sarraf, merchant, trader, scholar, military, community and foreigner. When we evaluate the distribution of sarrafs' clients according to these eight different occupation groups, 99 are administrators, 92 are sarrafs, 22 are traders, 21 are merchants, 12 are scholars and and , 5 are people. 2 are communities and 1 is a foreigner. This means that the administrators and officials make up 77% of the clients (See Figures 13,14).

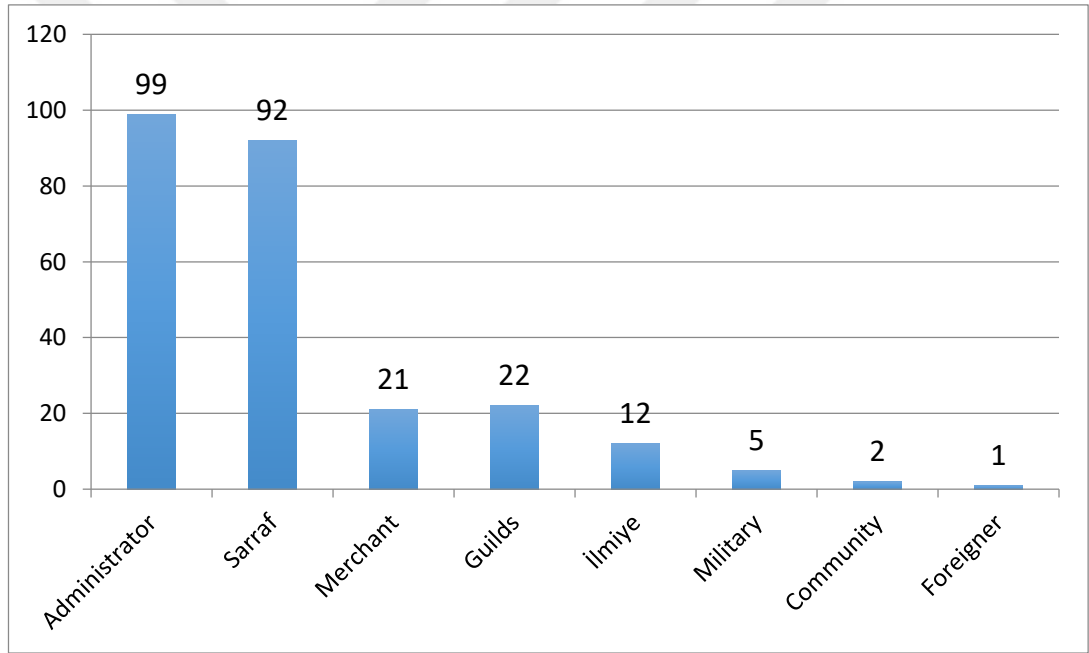


Figure 3.13. Sarrafs and Occupation Clients

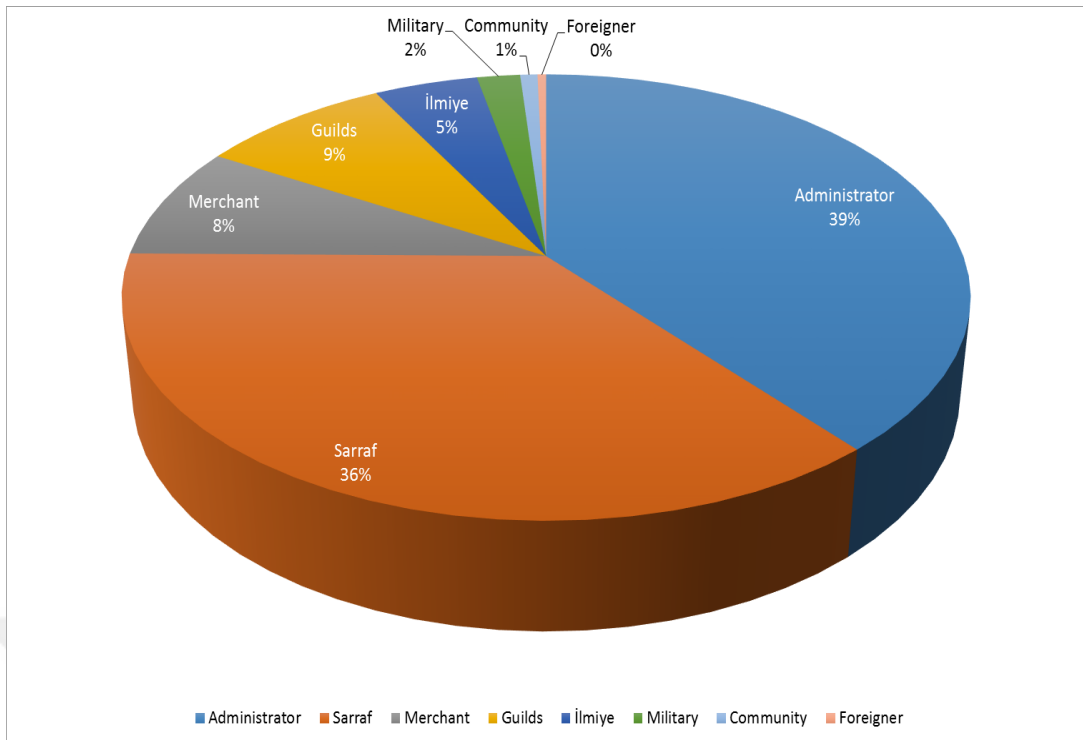


Figure 3.14. Sarrafs and Percentage of Occupation Clients

### 3.2. Dead, Bankrupt a Missing Sarrafs

Out of the 25 sarrafs emphasized here, 56% or 14 were bankrupt, 36% or 9 were deceased and 8% or 2 were missing. It is better to group categorize these sarrafs as dead and bankrupt or missing together in order to better understand their connections. It will be revealed wheter there is any difference between these two groups. It will be especially useful to find out why some sarrafs went bankrupt or fled. (See Figure 15).



Figure 3.15. Deceased, Bankrupt and Missing Sarrafs: Amounts of Credit and Debt (in kurushes)

The 9 deceased sarrafs and 16 who fled or went bankrupt show that the total number of people in the dead sarrafs' transactions is 101, while the total number of people in the bankrupt or missing sarrafs' transaction is 443.

### 3.2.1. Deceased Sarrafs

When we look at the number of people in relation with the deceased sarrafs, we find 101 individuals. This corresponds to 36% overall. We know the gender of 94 of them, 87 or 92% of them were men, 7 or 8% were women. When we look at their religions, we see that 62% were Muslims, 42% were non-muslims. When we look at their occupations, we see that most had relations with government officials followed by sarrafs and merchants. It is interesting that there is no trader affiliated with any deceased sarraf. Their relations with the community and orphans are more than their relations with the military personel and scholars. (See Figure 16).

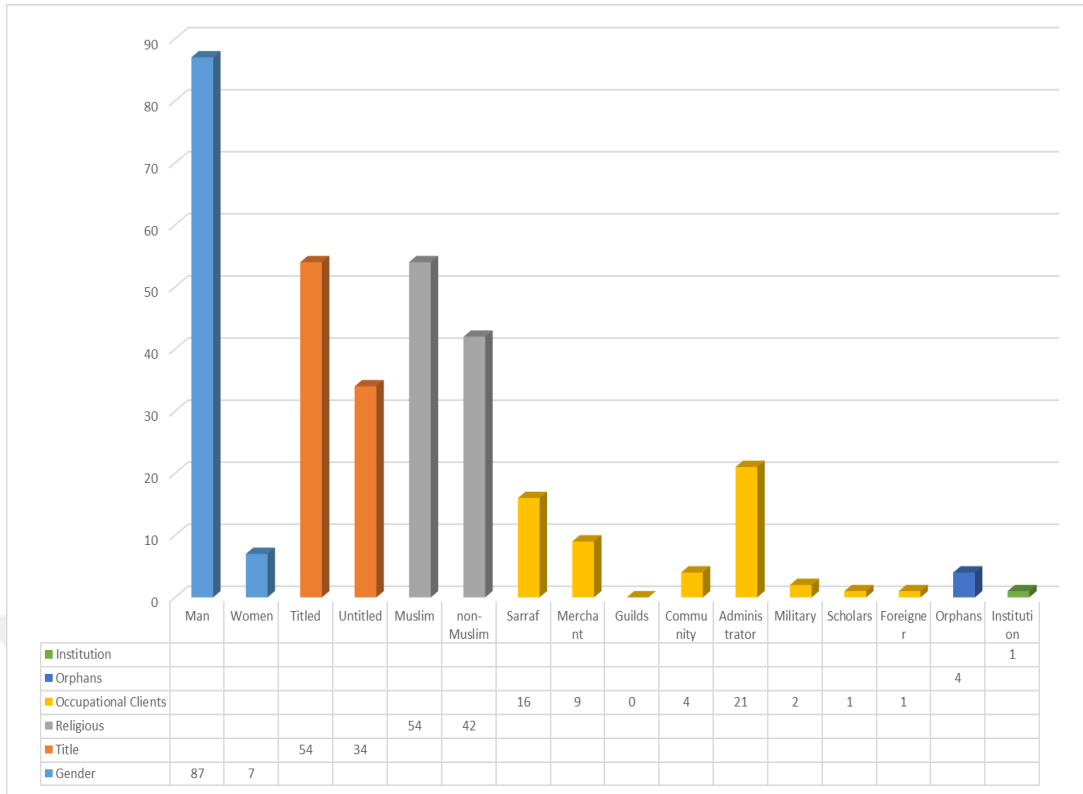


Figure 3.16. Deceased Sarrafs: Numbers of Creditors and Debtors

### 3.2.2. Relations of Bankrupt and Missing Sarrafs

Those who were missing were generally considered to have fled with the fear of bankruptcy. This group was affiliated with total of 443 people. This corresponds to 81% of the total volume of transactions. Out of 443 people, 358 are men, 56 are women. 246 of them bear a title, and 111 do not. There are 257 Muslims and 171 non-Muslims. According to occupations, the administrator and sarraf amounts are very close. There are 13 merchants. While the deceased sarrafs, did not have artisans among their clients, the bankrupt and missing sarrafs had 22. There is nearly no community. Orphans and institutions are the same with merchants (See Figure 17).

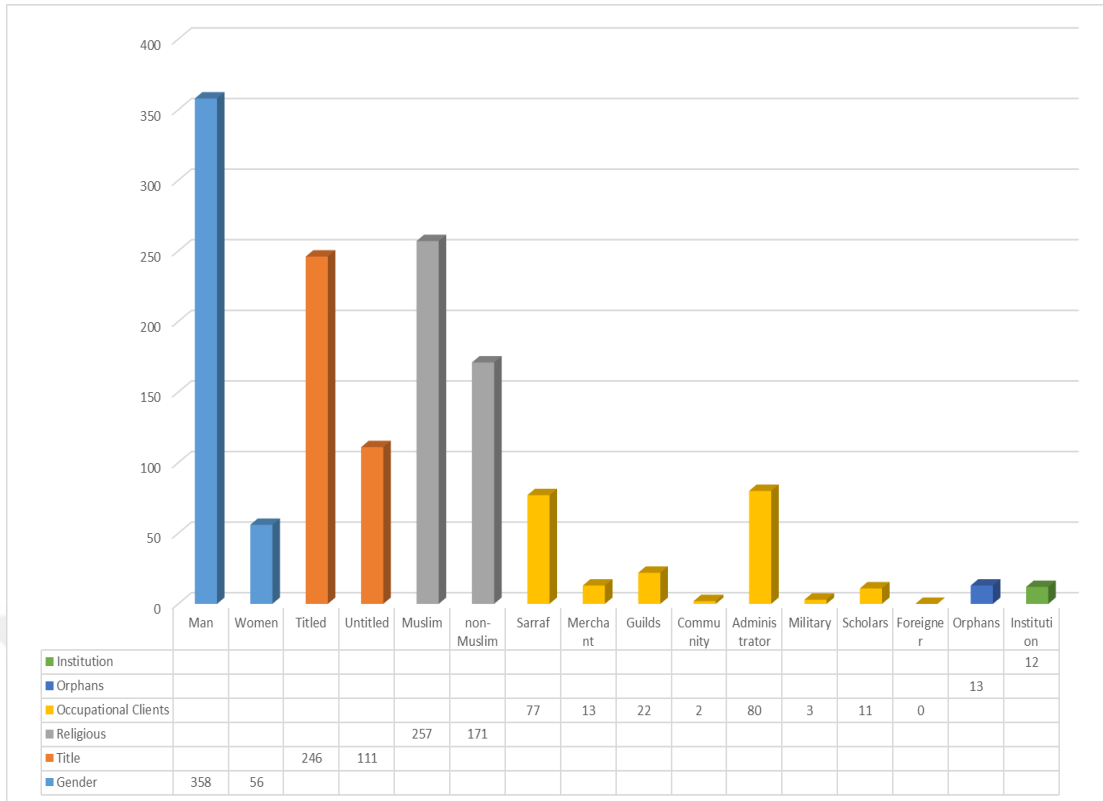


Figure 3.17. Bankrupt and Missing Sarrafs: Numbers of Creditors and Debtors

According to these data, if we compare the deceased sarrafs with those who fled or went bankrupt, the number of men are higher than those of cases. The same holds for religion. Looking at occupations, administrators and sarrafs are higher in both cases while the number of administrators is equal to sarrafs. The number of merchants is lower but while there is no trader in the missing sarraf group, there are 22 of them in the bankruptcy group. In the deceased sarraf group, the amount of community is higher. The amount of orphans and institutions in the other group are higher (See Figure 17).

### 3.3. Volume of Transactions: Relation of Sarrafs with Different Groups of People

#### 3.3.1. Titled

The total volume of transaction by 25 sarrafs with 546 people is 39,986,605.50 kuruşes. That means an average of 1,600,000 kuruşes per sarraf. The debt owed to the sarrafs is 42% of the total volume or 16,945,53,50 kuruşes. Debts make up 58% which amount to 23,041,052 kuruşes. The average debt owed to a sarraf is 677,822 kuruşes while the average owed by the sarrafs is 921,642 kuruşes. The average amount of

transactions for 546 people is 73,370 kuruşes 32% or 174 of the 546 people in the survey owed. In return, the sarrafs owed to 68% or 371 people. In the total transaction volume, out of the total 22 people per sarraf, 7 owe them and 15 are owed to (See Figures 18,19).

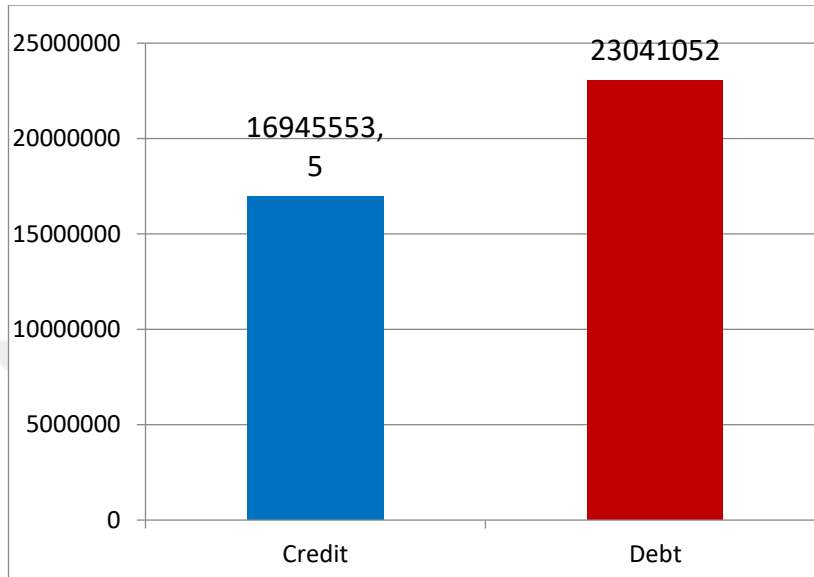


Figure 3.18. Total Amount of Sarrafs' Credit and Debt (in kuruşes)

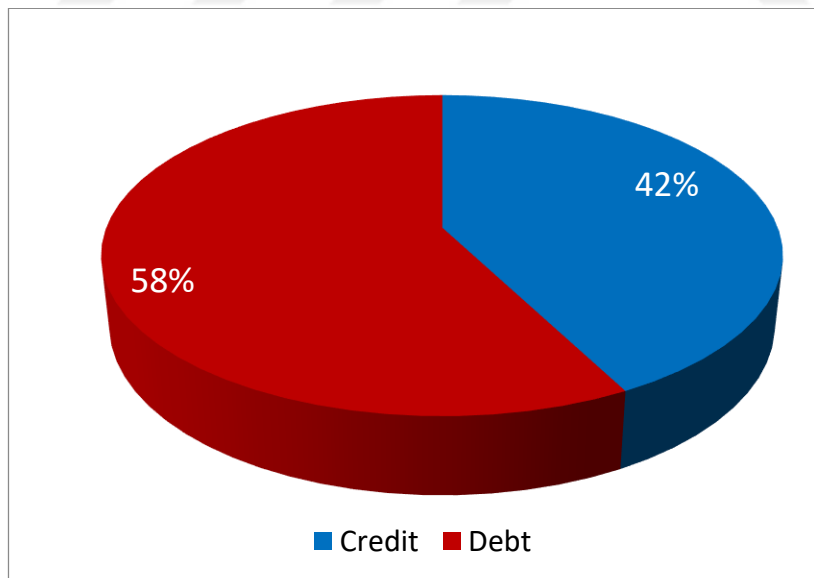


Figure 3.19. Percentage of the Total Amount of Sarrafs' Credit and Debt

### 3.3.2. Gender

#### 3.3.2.1. Men

Out of the 546 people, 446 were men. 158 of them were owed 13,813,632 kuruşes and 288 owed 13,482,242.5 kuruşes. Of the credits the sarraf has lent, he is owed 87,428 kuruşes. In return, he owes probable depositors 46,813 kuruşes per capita (See Figures 20, 21).

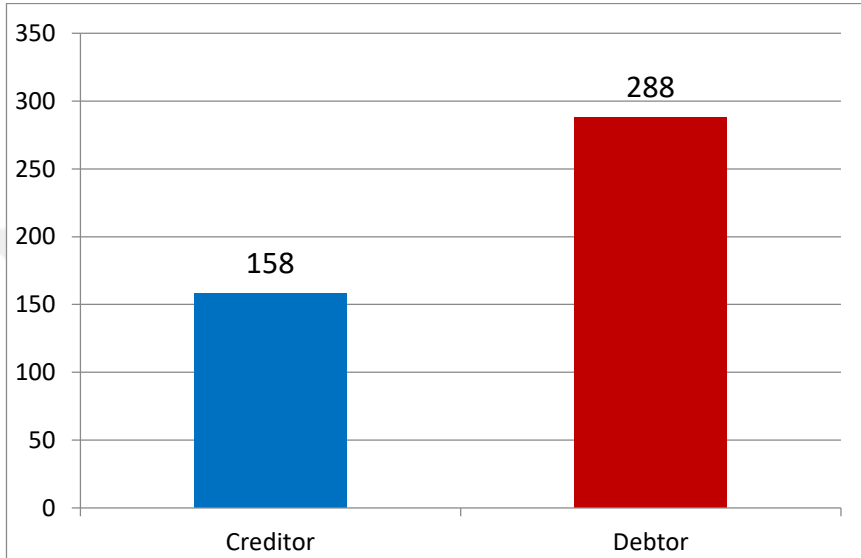


Figure 3.20. Sarrafs and Men: Number of Debtors and Creditors

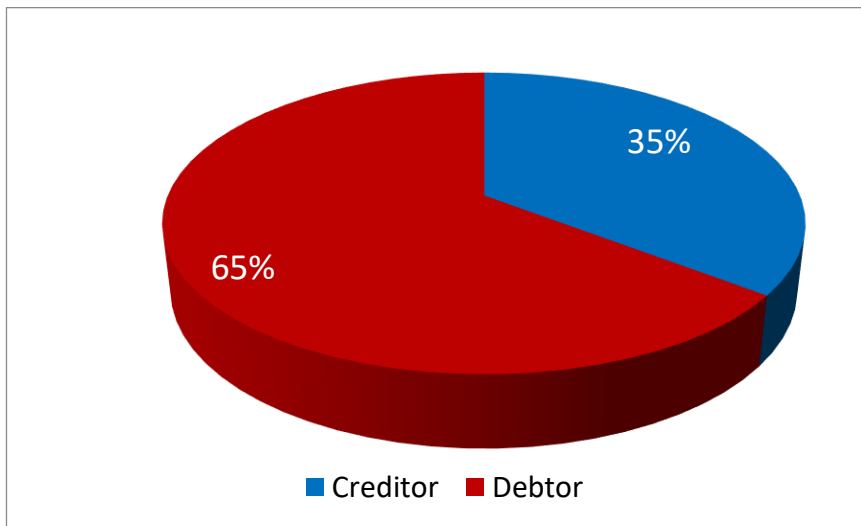


Figure 3.21. Sarrafs and Men: Percentage of Debtors and Creditors



### 3.3.2.2. Women

63 women dealt with the sarrafs in question .18 of whom were non-Muslims and 46 were Muslims them. Jointly, women had a total transaction volume of 1,446,455 kuruşes, which was entirely owed to. This means women were all investors. They were owed 22,959 kuruşes per capita (See Figure 22).

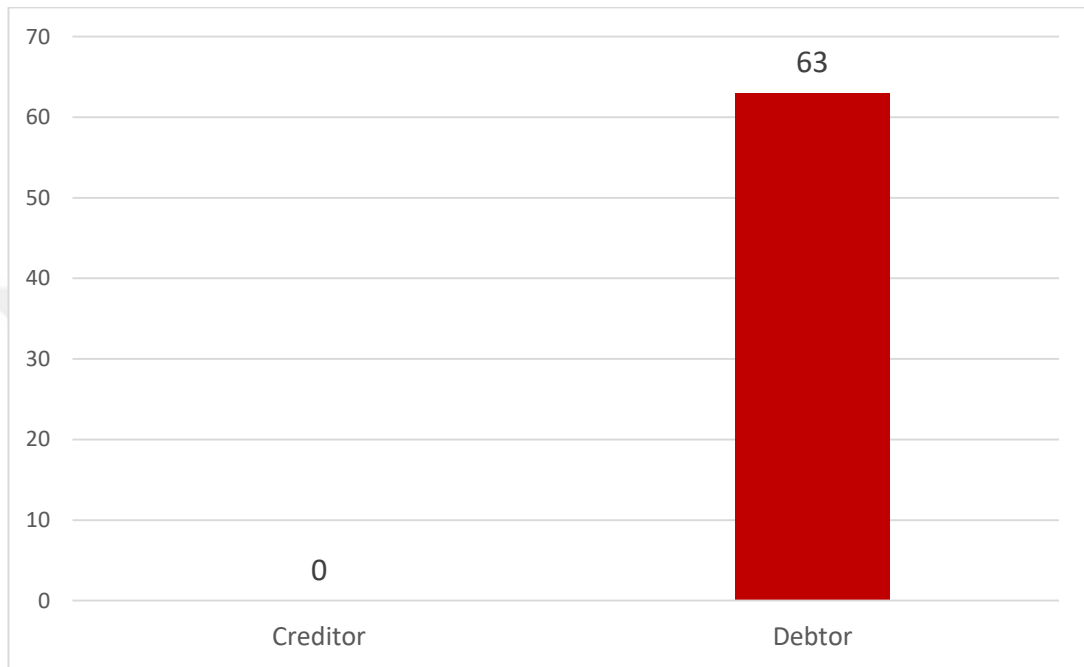


Figure 3.22. Sarrafs and Women: Number of Debtors and Creditors

### 3.3.3. Sarrafs and Communities

There are 11 units identified as communities in sarrafs' transactions. I mentioned earlier that we took each community as one person. The total volume of transaction involving communities was 4,869,895 kuruşes. The 56% (2,749,878 kuruşes) of it was debt to sarrafs and 44% (2,120,017 kuruşes) was debt to communities. The average amount per community is 442,717 kuruşes. This is quite high when compared to other groups. So it may be possible to give an approximate number depending on the average 73,370 kuruşes per person with 546 people in total. If we divide 4,869,895 by 73,370, the resulting number is 66. Ergo, each community should have approximately six individuals in them (See Figures 23,24).

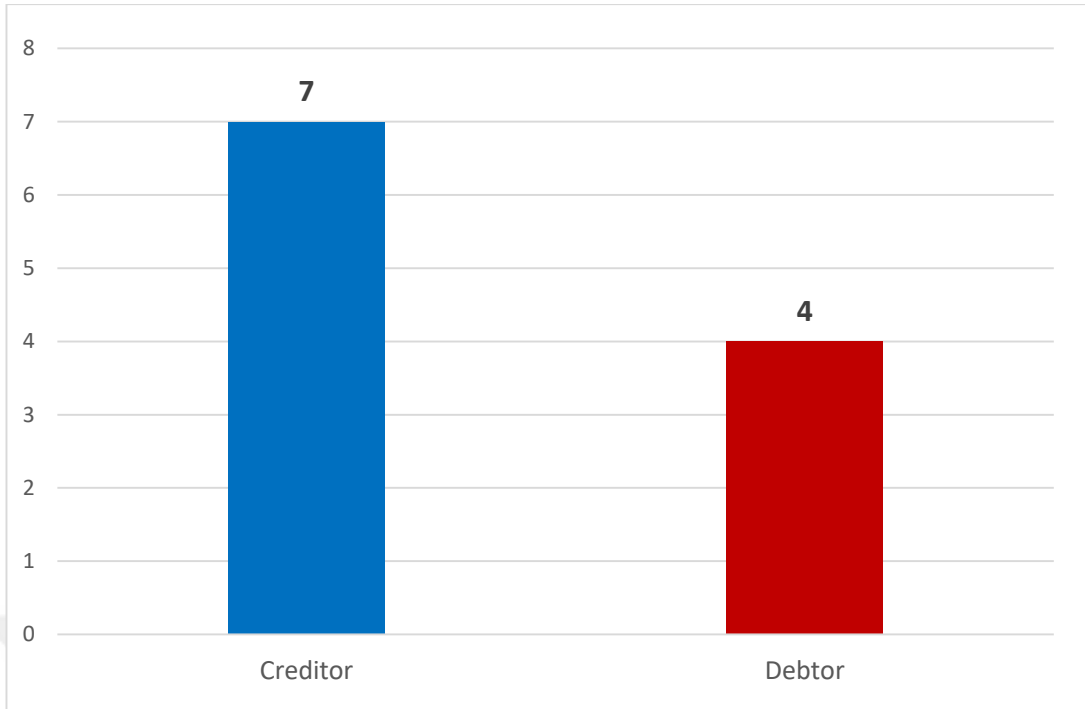


Figure 3.23. Sarrafs and Communities: Number of Creditors and Debtors

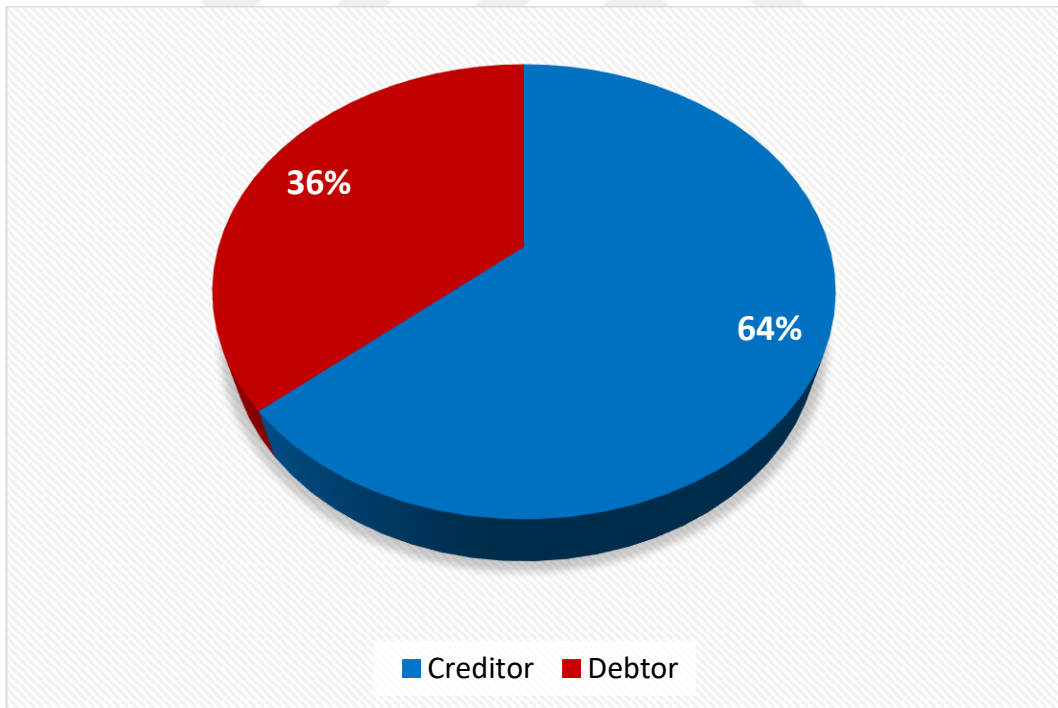


Figure 3.24. Sarrafs and Communities: Percentage of Creditors and Debtors

### 3.3.4. Sarrafs and Institutions

Within the trading volume of the money-changing sector, institutions constitute another group. These institutions include patriarchates, churches, the treasury, and

foundations. The total of their trading volume is 871,748 kuruşes 29% of this total amount, or (250,394.5 kuruşes), is the debt owed to the money-changer, who was the creditor. The remaining 71%, which equals to 621,353.5, is the debt to be paid by the money-changer, who was the debtor. The share of each of these 13 institutions is approximately 67,057 kuruşes (See Figures 25, 26).

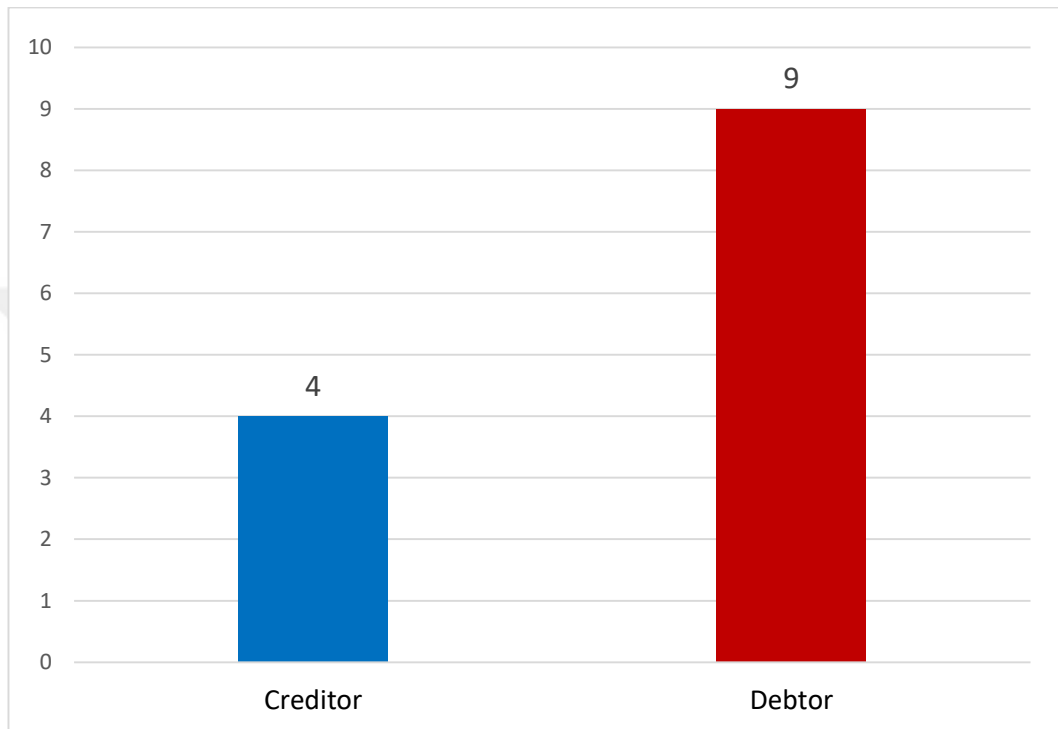


Figure 3.25. Sarrafs and Institutions: The numbers of Creditors and Debtors

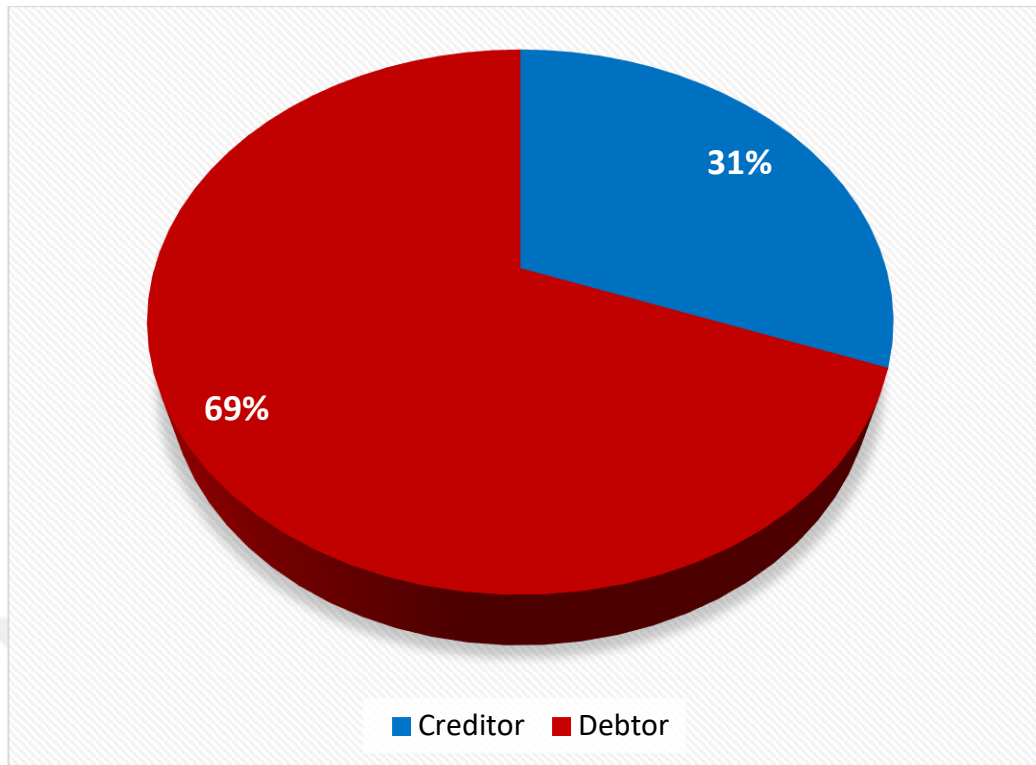


Figure 3.26. Sarrafs and Institutions: Percentage of Creditors and Debtors

### 3.3.5. Sarrafs and Orphans

The last group that was active in the money-changing sector was orphans. The trading volume of the total of 12 orphans equals to 5,691,719 kuruşes. The trading volume for each orphan is 474,309 kuruşes. The whole of the remaining part is recorded as debt for the money-changer. In comparison with other groups, the transaction volume per capita is quite high for orphans. Consequently, we can argue that money-changers occupy an important position in the management of the goods of orphans. This fact can also be provided by the goods of orphans. One can say that both groups, money-changers and orphans, have had mutually beneficial relations. (See Figure 27).

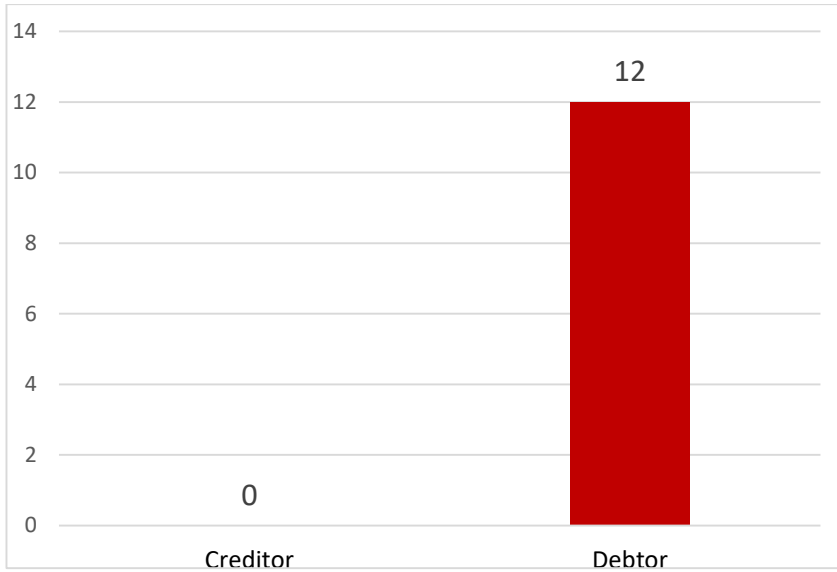


Figure 3.27. Sarrafs and Orphans: Number of Creditors and Debtors

### 3.3.6. Number of Titled and Untitled Persons doing Business with Sarrafs

Out of the 446 people working in the *sarraf* sector, 301 had titles and 145 did not as I have mentioned earlier. The total volume of 446 people is 26,361,381 *kuruş* that 15,592,329 *kuruş* belongs to titled clients and 10,769,052 *kuruş* belongs to untitled clients. The average amount per person is 59,106 *kuruş* (See Figure 28).

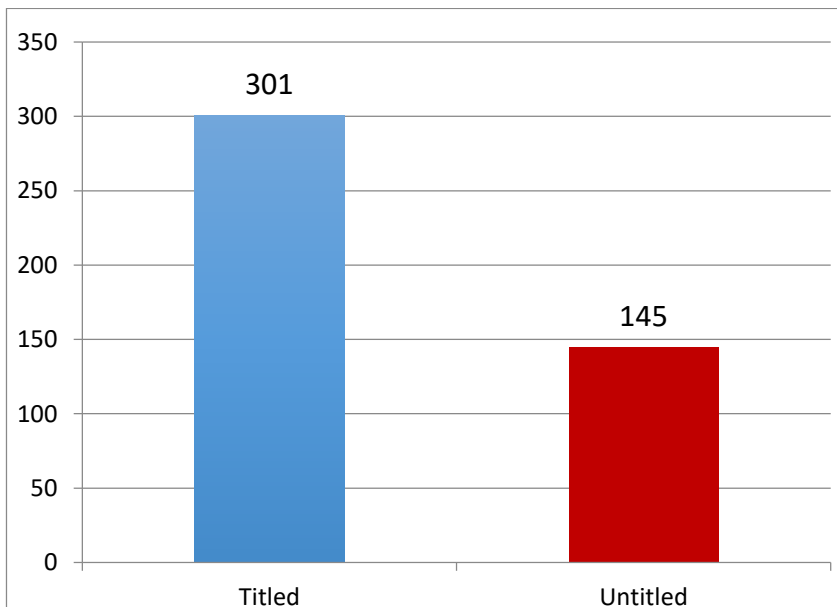


Figure 3.28. Number of Titled and Untitled Persons doing Business with Sarrafs

### 3.3.6.1. Untitled

In the untitled group, the *sarrafs* are indebted by 43 people at 21%, which is 2,295,390 *kuruş*, and owe 102 people 79%, which is 8,473,662 *kuruş* (See 29).

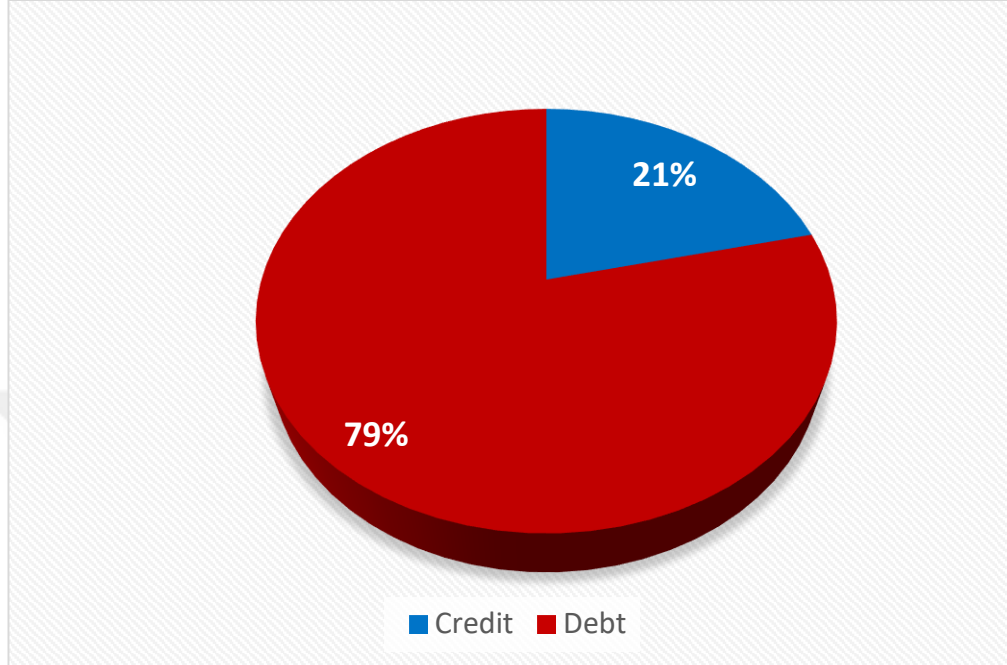


Figure 3.29. Sarrafs and Untitled Persons: Percentage of Credits and Debts

### 3.3.6.2. Sarrafs and Titled Persons: Amount of Credit and Debt (in *kurushes*)

The total volume of transaction for the 301 titled people within the *sarraf* sector is 15,592,329 *kuruş*. The average amount per person is 51,801 *kuruş*. 42 %, which is 5,215,647.5 *kuruş* belonging to *paş*a, 24%, which is 3,693,577.5 *kuruş* to *efendi*, 23% which is 2,203,668.5 *kuruş* to *ağ*a, 10%, which is 1,292,203 *kuruş* to *bey*, and the remaining 1 % or 3,187,242.5 *kuruş* to *hoca*, *çavuş*, *hoca* titled groups (See Figure 30,31).

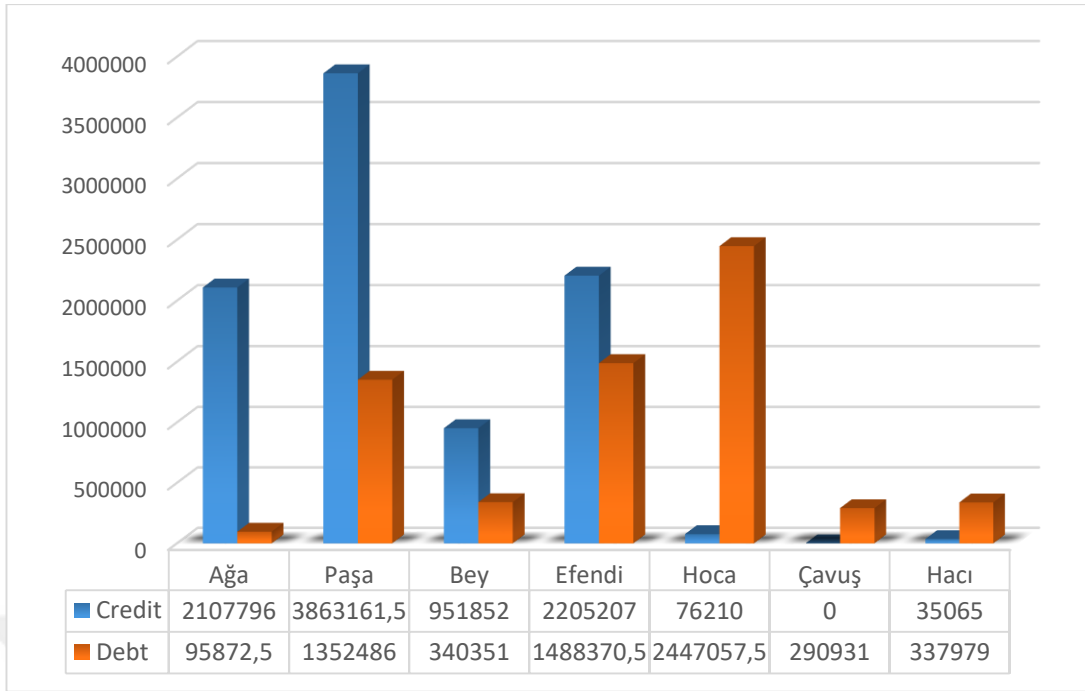


Figure 3.30. Sarrafs and Titled Persons: Amount of Credit and Debt (in kurushes)

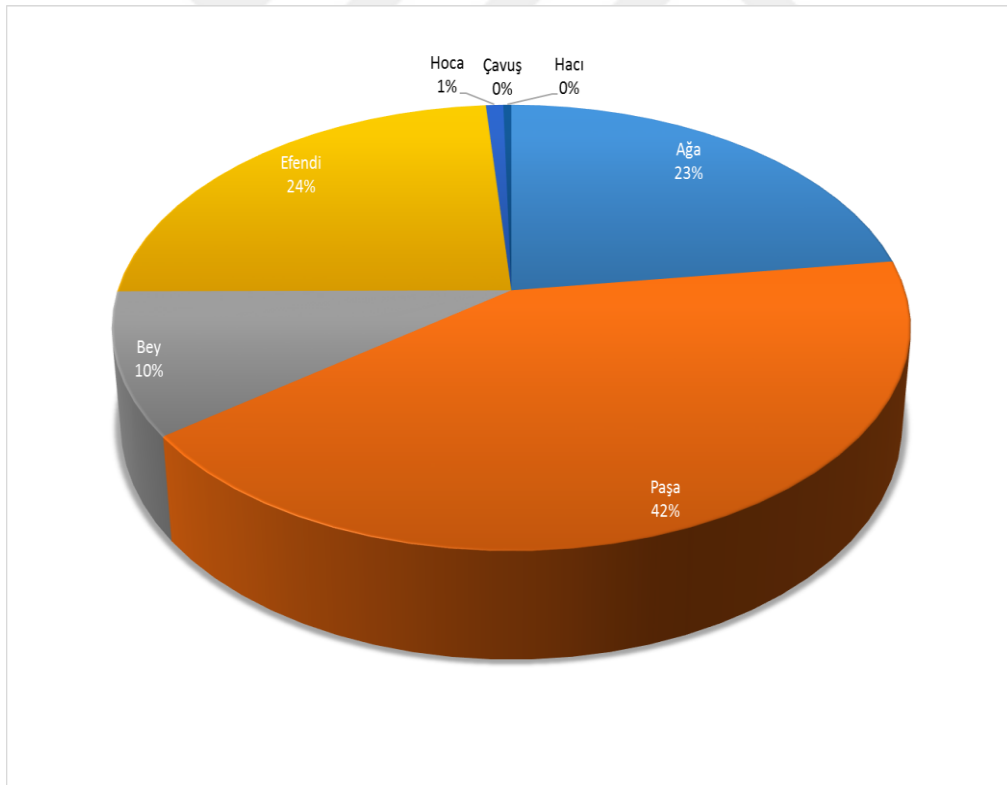


Figure 3.31. Sarrafs and Titled Persons: Percentage of Credit and Debt

### 3.3.7. Sarrafs and non-Muslims doing Business with them: Number of Creditors and Debtors

If one splits the total volume of transactions within the *sarraḥ* sector into Muslim and non-Muslim groups according to religious affiliation is 31,084,670 *kuruş*. The total volume of transactions belongs to non-Muslims is 11,516,102 *kuruş* and 19,568,568 *kuruş* which belongs to Muslims. The total number of Muslims in business is 312 and make up a total transaction volume of 19,568,568 *kuruş*. The average amount of volume per Muslim is 62,719 *kuruş*. 57% or 11,196,896 *kuruş* is owed to sarrafs, while 43% or 8,371,672 *kuruş* is the debt owed by sarrafs (See Figure 32).

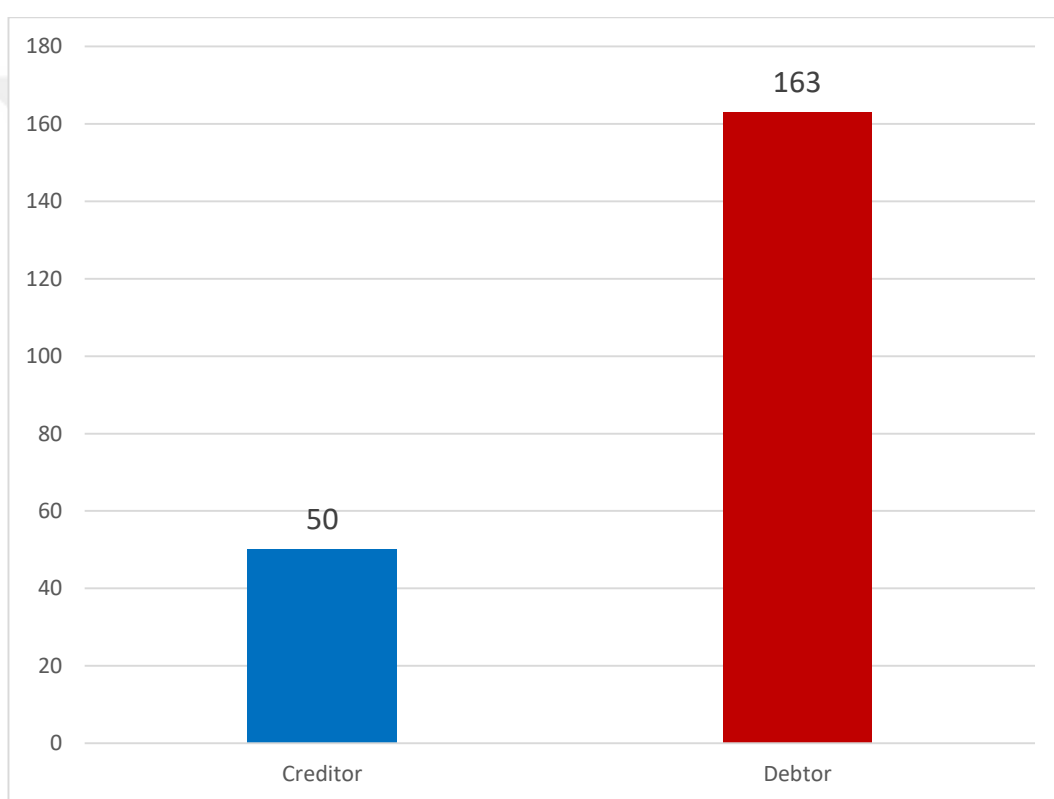


Figure 3.32. Sarrafs and non-Muslims doing Business with them: Number of Creditors and Debtors

#### 3.3.7.1. Sarrafs and non-Muslims doing Business with them: Percentage of Credit and Debt

The total number of non-muslims in business is 213 and make up a total transaction volume of 11,516,102 *kuruş*. The average amount of volume per non-Muslim is 54,066 *kuruş*. 26% or 2.940.039 *kuruş* is owed to sarrafs, while 74% or 8.576.063 *kuruş* is the debt owed by sarrafs (See Figures 33, 34).



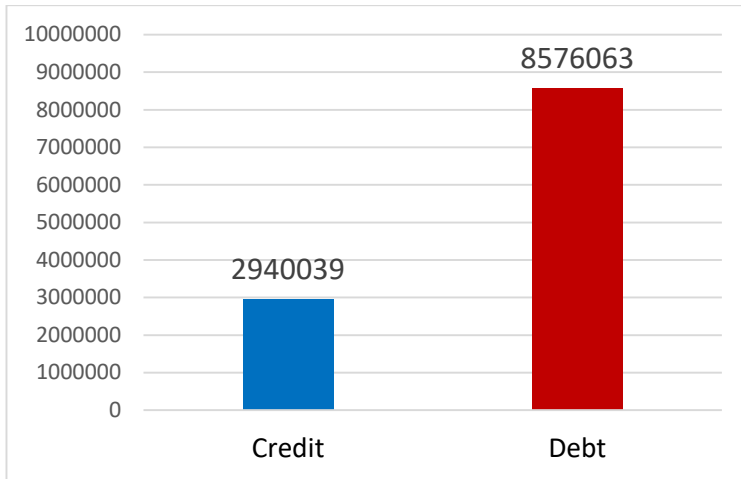


Figure 3.33. Sarrafs and non-Muslims doing Business with them: Credit and Debt (in kurushes)

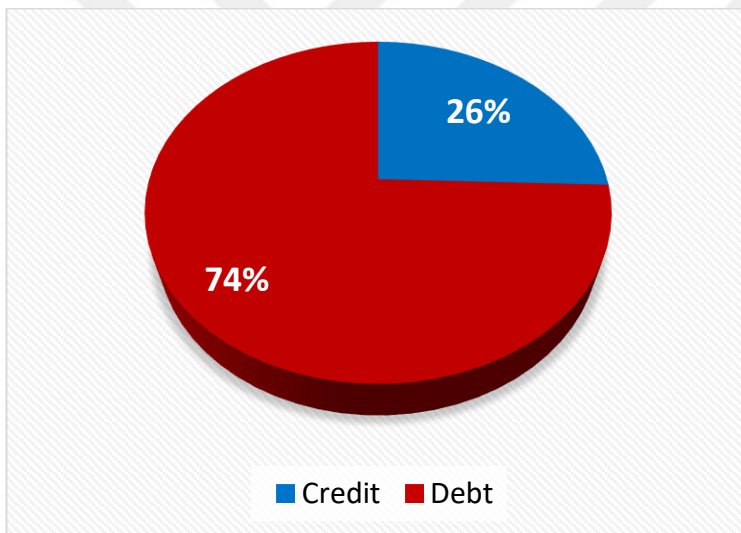


Figure 3.34. Sarrafs and non-Muslims doing Business with them: Percentage of Credit and Debt

### 3.3.8. Sarrafs and Occupation Clients: Amounts of Credit and Debt

#### 3.3.8.1. Sarrafs and Administrative People: Credit and Debt (in kurushes)

The number of administrative in the *sarrafs* sector is 99 and this makes up for a total transaction volume of 8.195.879 *kuruş*. 26 % or 2.161.412 *kuruş* is the amount owed to *sarrafs*, while the remaining 74% or 6.034.467 *kuruş* is their debts. When compared to other occupations, administrative groups have the greatest amount of transaction volume. While the administrative owe 21,832 *kuruş* to *sarrafs* per person, the amount owed by *sarrafs* per person is 60,954 *kuruş* (See Figures 35,36).

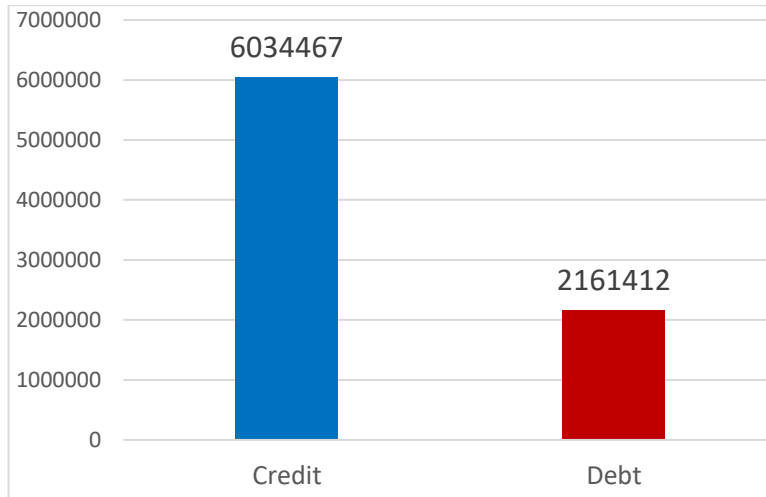


Figure 3.35. Sarrafs and Administrative People: Credit and Debt (in kurushes)

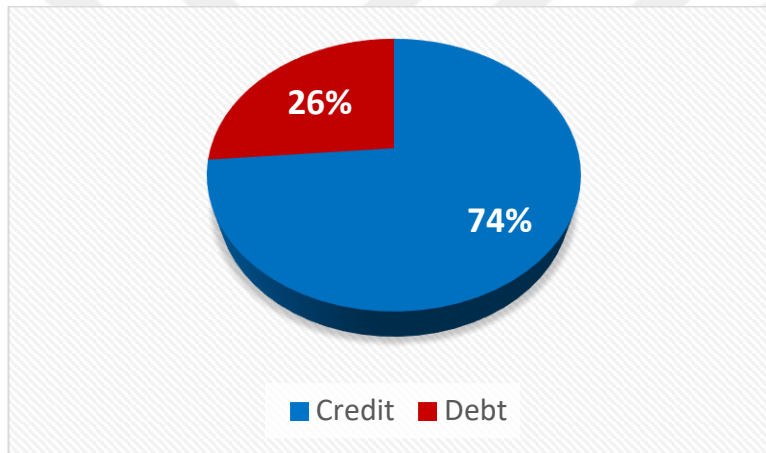


Figure 3.36. Sarrafs and Administrative People: Percentage of Credit and Debt

### 3.3.8.2. Sarrafs and Merchants: Amount of Credit and Debt (in *kuruş*)

The total amount of transactions of the 21 merchants is 1,989,840 *kuruş*. 21% or 412,695 *kuruş* of this amount is the amount owed to *sarrafs*, while the remaining 79% or 1,577,145 *kuruş* is the amount owed by *sarrafs* to merchants. The average amount of debt for 21 merchants per person is 19,652 *kuruş*. The amount owed to them per person is 75,102 *kuruş*. In light of this data, it is possible to conclude that merchants have deposited capital to *sarrafs* (See Figures 37-38).

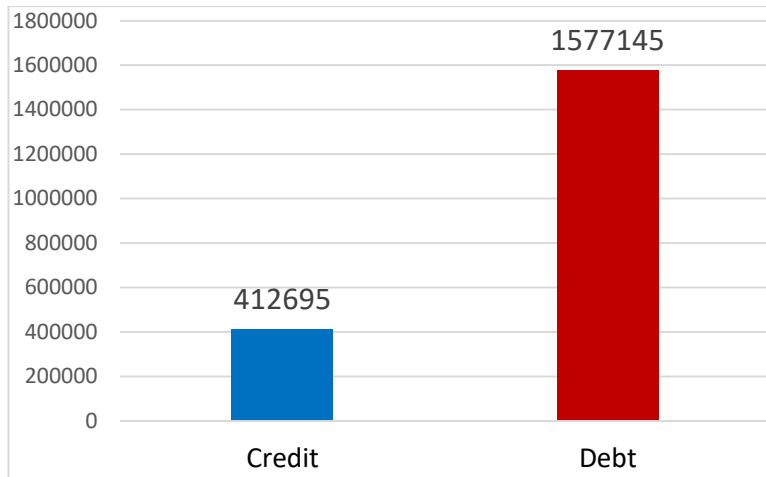


Figure 3.37. Sarrafs and Merchants: Amount of Credit and Debt (in kurushes)

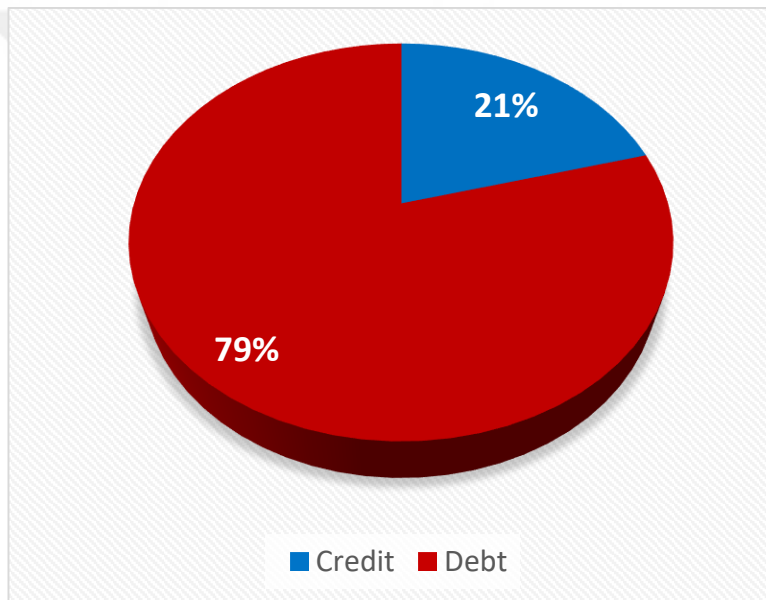


Figure 3.38. Sarrafs and Merchants: Percentage of Credit and Debt

### 3.3.8.3. Sarrafs and Guilds: Amount of Credit and Debt

The total volume of transaction of 22 tradesmen working in the *sarrafs* sector is 341, 613,5 *куруş*. 17% or 59,050 *куруş* of this amount is owed to *sarrafs*, and the remaining 83% or 282,563,5 *куруş* is debt. The average debt per tradesman is 2,684 *куруş* while the amount they are owed per person is 12,843 *куруş* (See Figures 39,40).

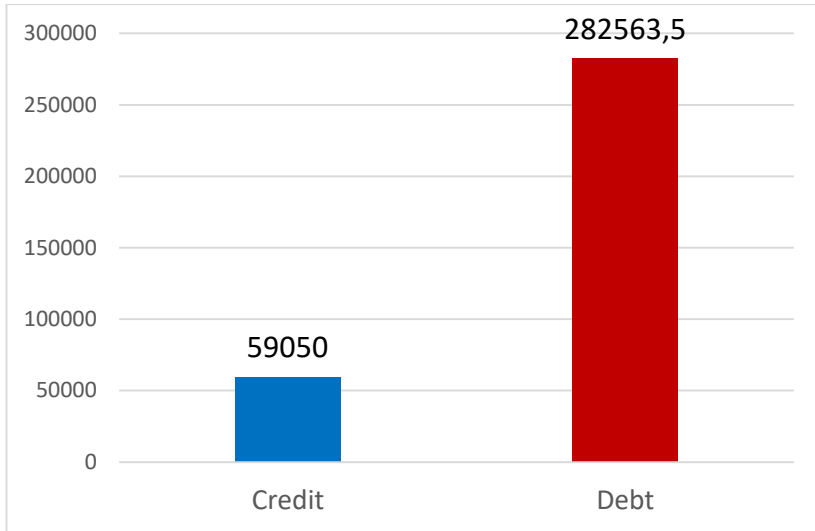


Figure 3.39. Sarrafs and Guilds: Amount of Credit and Debt (in kuruşes)

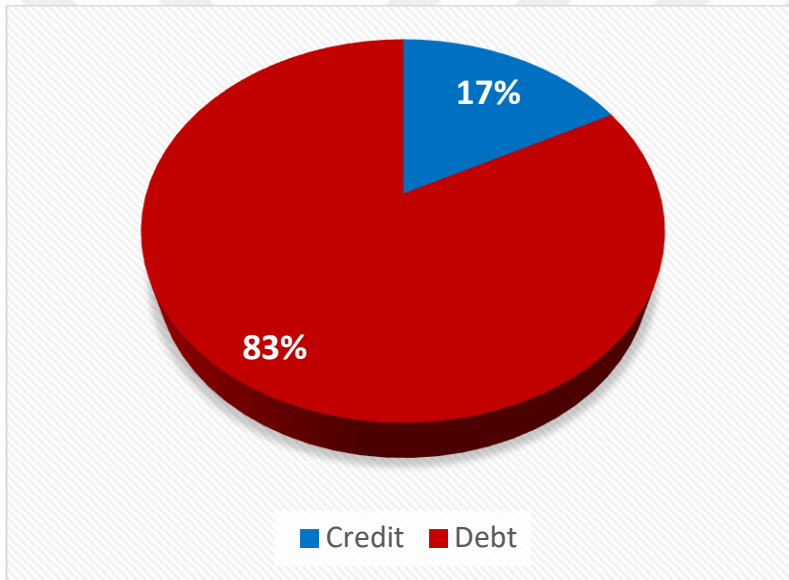


Figure 3.40. Sarrafs and Guilds: Percentage of Credit and Debt

#### 3.3.8.4. Sarrafs and Scholars: Amount of Credit and Debt

The total volume of transaction of the 12 scholars in the *sarrafs* sector is 346,446,5 *kuruş*. 33% or 116,014 *kuruş* of this amount is owed to the *sarrafs* while the remaining 67% or 230,432,5 *kuruş* stands for their debt. The average debt per person is 9,668 *kuruş* while the amount owed to them is 19,202 *kuruş* per person (See Figures 41,42).

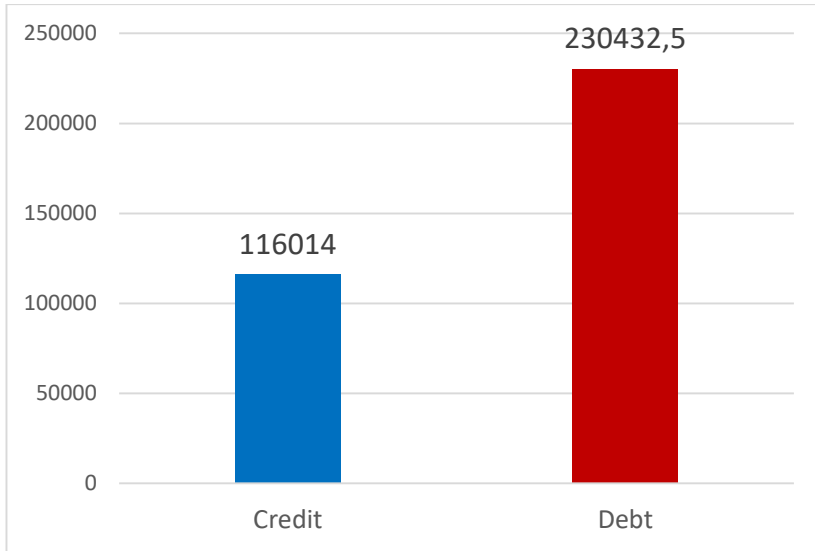


Figure 3.41. Sarrafs and Scholars: Amount of Credit and Debt (in kurushes)

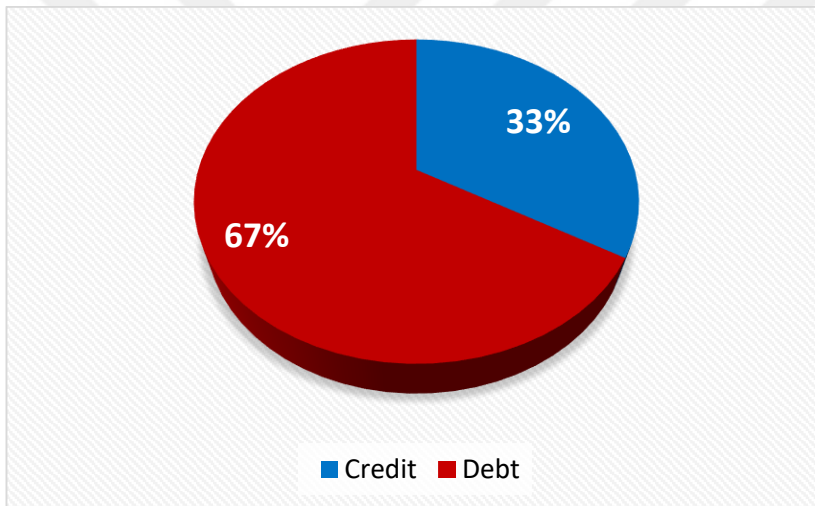


Figure 3.42. Sarrafs and Scholars: Percentage of Credit and Debt

### 3.3.8.5. Sarrafs and Military People: Amount of Credit and Debt

The total volume of transaction for the *sarrafs* with military personnel is 888,324 *kuruş*. 93% or 828,600 *kuruş* is owed to the *sarrafs*, while %7 or 59,724 *kuruş* stands for their debt. The average amount of debt per person is 165,720 *kuruş* while the amount owed to them per person is 11,944 *kuruş* (See Figures 43,44).

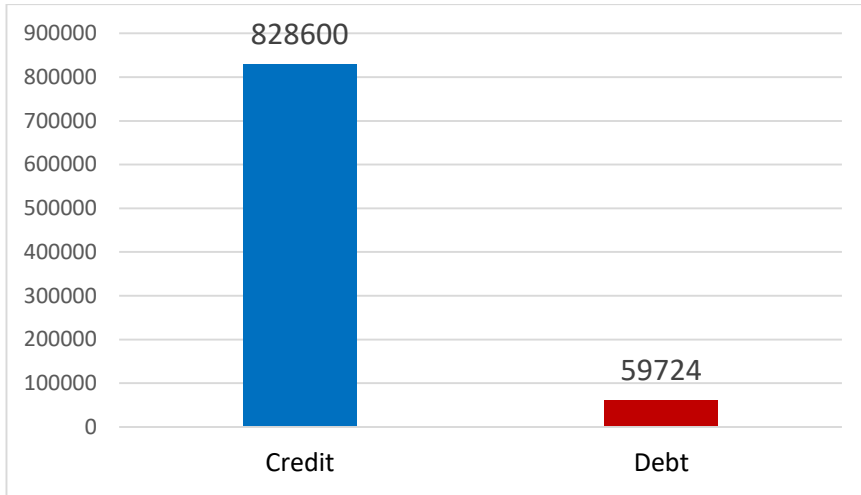


Figure 3.43. Sarrafs and Military People: Amount of Credit and Debt (in kurushes)

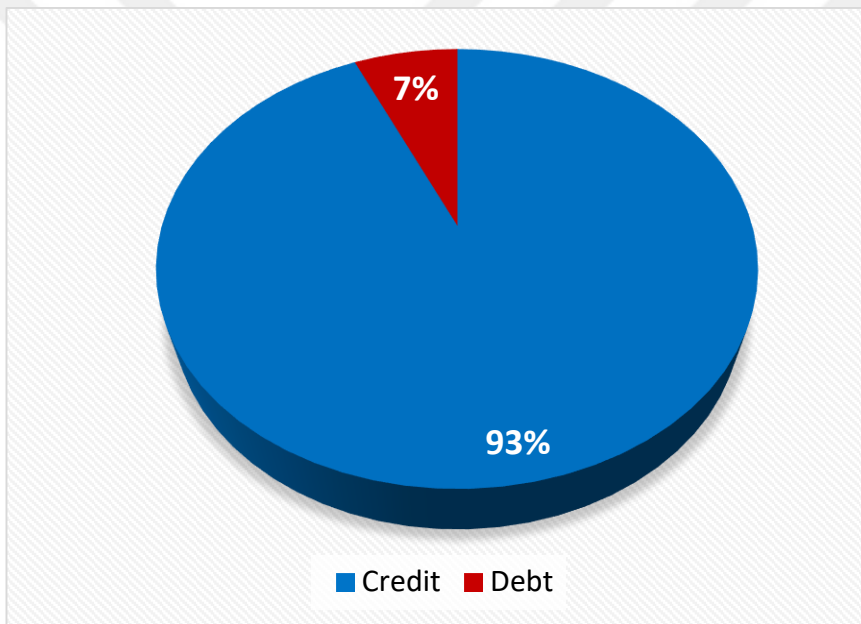


Figure 3.44. Sarrafs and Military People: Percentage of Credit and Debt

### 3.3.8.6. Sarrafs and the Occupations of Their Clients: Amounts of Credit and Debt (in kurushes)

In the table below, which shows the amount owed and debts according to different occupations, the total volume of transaction is 18,223,166 *kuruş*. 9,446,792 *kuruş* of this amount is the credit given by the *sarrafs* to that specific occupation group while 8,776,374 *kuruş* is the amount owed by the *sarrafs* to that group. It is important to note here that the total amount of debt and lien is different than the one given in this graphic. This difference is caused because the accounts of women, orphans and

institutions are not added. This is because women, orphans and institutions are not considered occupation groups, and this causes the difference between credit and debt.

When one considers the 8 different occupations given, 99 are manager-officers, 92 are *sarrafs*, 22 are tradesmen, 21 are merchants, 12 are scholars, 5 are military personnel, 2 are *community* and 1 is foreign. The greatest amount of debts and liens in the graphic belong to the manager-officers. The amount owed to the *sarraf* is 6,034,467 *kurus* while the debt is 2,161,412 *kurus*. The surplus debt owed to the *sarrafs* represents the amount of credit taken from the *sarrafs* in order to function in the *iltizam* system. According to this, the existence of a large amount of shares by the manager-officers shows the existence of *mültezims* in the system. The amount of debt per person of the managers to the *sarrafs* is 60,954 *kurus*, while they are owed 21,832 *kurus*. The second most voluminous group is the debts among the *sarrafs* themselves. The 25 *sarrafs* examined are owed 1,930,841 *kurus* while their debt is 4,459,897 *kurus*. What is important here is that a *sarraf* does not deposit capital to a fellow *sarraf*, but lends credit; thus forming a kind of partnership. Accordingly, the amount of debt per *sarraf* is 20,987 *kurus* while 48,477 *kurus* is owed to them. The amount of debt owed by the merchants is 412,695 *kurus* while they are owed 1,577,145 *kurus*, which shows that they had capital and deposited money to the *sarrafs*. On the contrary with military personnel, the amount of credit taken from the *sarrafs* is much higher than their deposits (See Figures 45, 46).

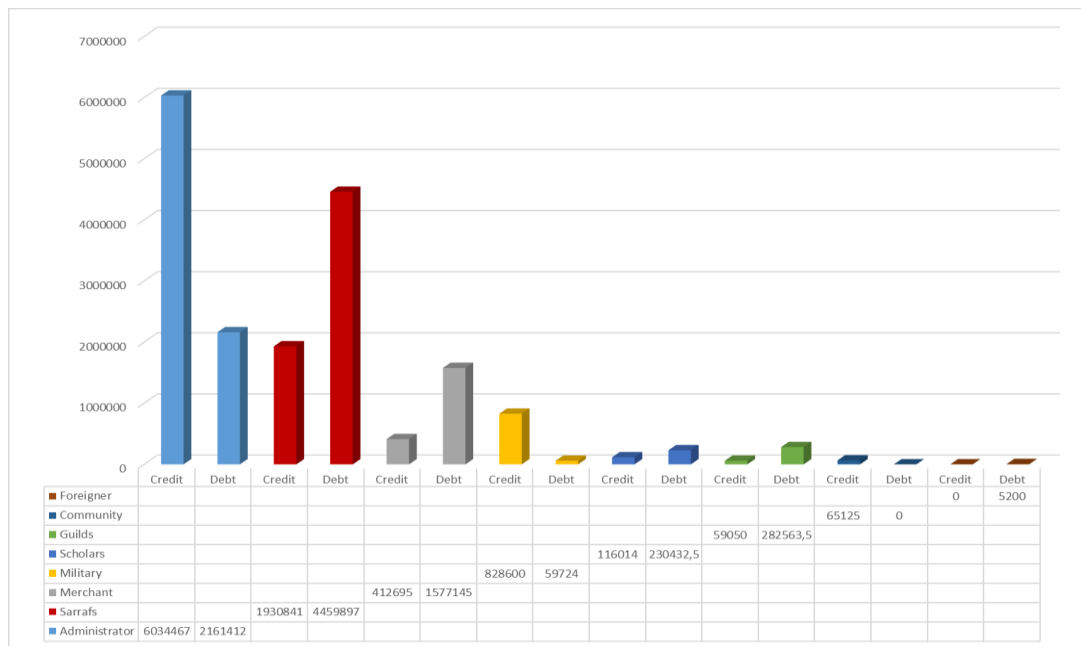


Figure 3.45. Sarrafs and Occupations of Their Clients: Credit and Debt (in kurushes)

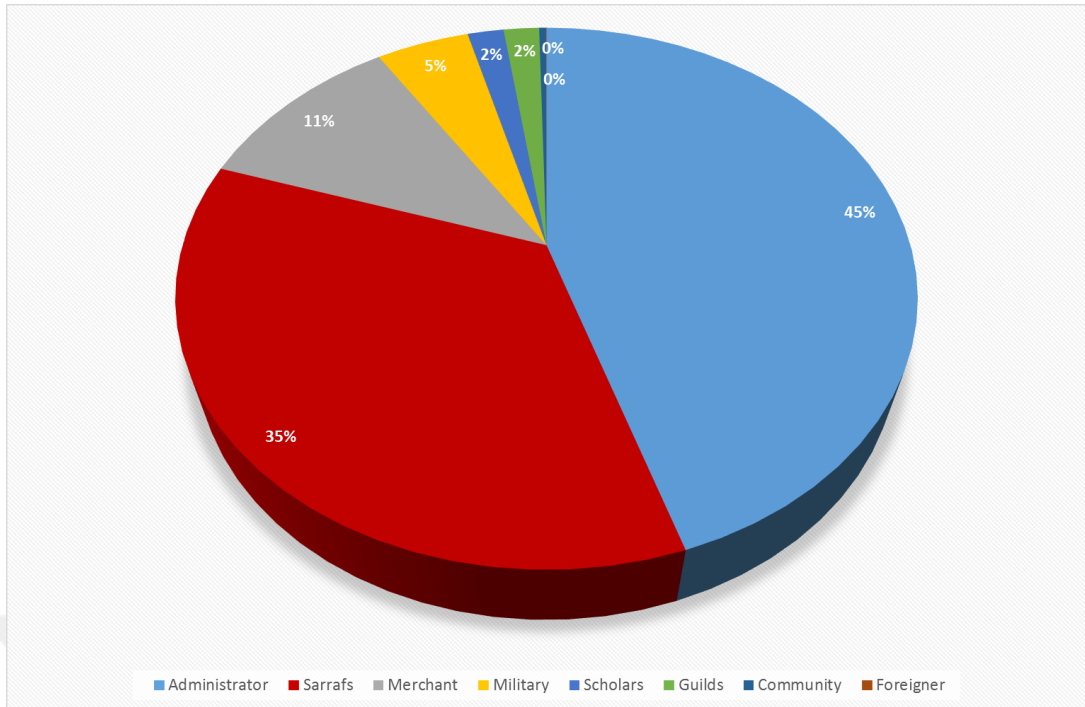


Figure 3.46. Sarrafs and the Occupations of Their Clients: Percentages of Total Credit and Debt

### 3.3.8.7. Sarrafs and the Occupations of Their Clients: Percentages of Total Credit and Debt

With relation to the prior graphic, the percentage of the debts of the *sarrafs* and the occupations are shown. 45% or 8,195,879 *kuruş* of the total volume of transaction stands for the manager-officer group, 35% or 6,390,738 *kuruş* stands for the *sarraf* group. The two graphics given below allow one to determine the accounts of *sarrafs* by analyzing the occupational groups of those who have relations to the *sarrafs* by showing the amount owed and the debt of the *sarrafs*; thus determining the areas in which the *sarrafs* functioned. As mentioned before, *sarrafs* gave credit to *iltizam* owners and financed the system, and borrowed from other *sarrafs* to form partnerships. The interesting development in the occupation groups is the existence of merchants, scholars, tradesmen, and foreigners that deposit capital to the *sarrafs* (See Figure 47).



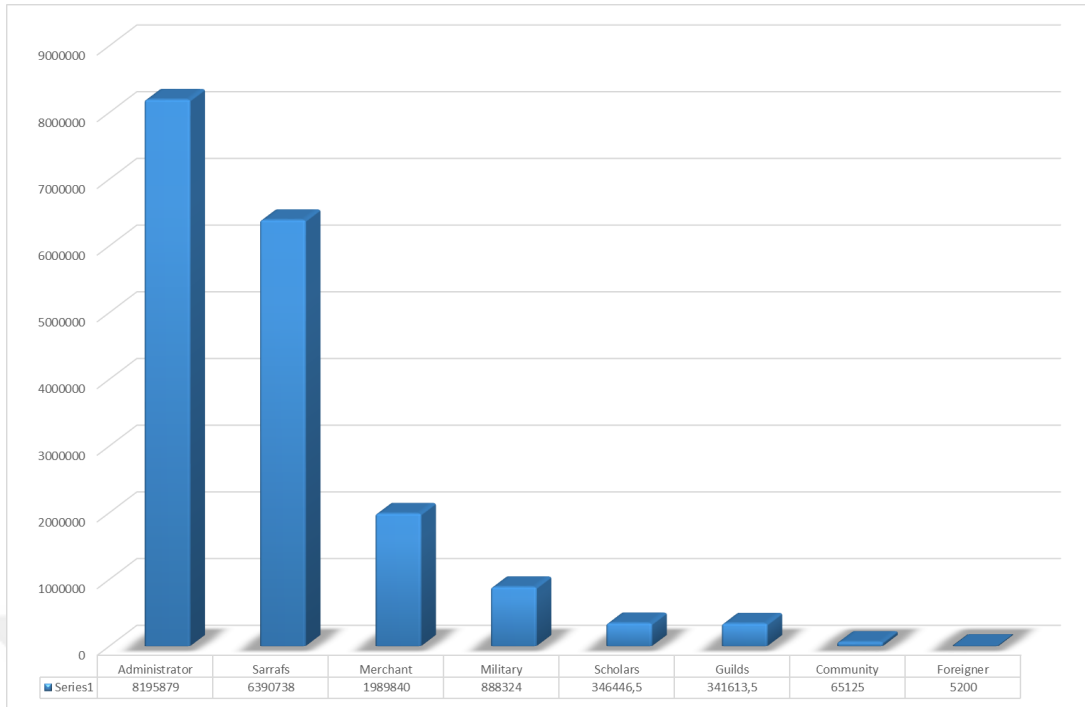


Figure 3.47. Sarrafs and The Occupations of Their Clients: Total Amounts of the Process (in kurushes)

## CHAPTER 4

### CONCLUSION

This work thesis addresses the qualitative and quantitative changes in the functions of the *sarrafs* within a 20-year frame (1844-1863) by extracting a general portrait of the Ottoman *sarrafs* and approaching the structural features of the *sarrafs* as a tradesman network in the Ottoman financial system. *Sarrafs* secured an important role in the Ottoman financial system through money exchange, and by supplying the mint with silver and becoming financiers of the *iltizam* sector, providing credit to the managing group.

The main purpose of this work is to analyze the anatomy of the *sarrafs* via quantitative analysis of documents obtained from the archives. By doing so one can also examine the most important functions of the *sarrafs* as an important part of the Ottoman financial system. The findings will help fill in an important gap in the literature. The 20-year period (1844-1863) especially examined in the mint register covers cases on the relations the *sarrafs* formed throughout the *Tanzimat* era. The changes in the quality and quantity of the cases considered in this research had direct influence on the interpretation of relations. I observed that the first-degree *iltizams* of the *sarrafs* were managing-officers while second-degree relations were with other *sarrafs*. It is natural 75% of all relations of the *sarrafs* were constituted this way. This is because the main function of the *sarrafs* was to finance the *iltizam* sector. However, this was only one of the important aspects of the relations the *sarrafs* had. The other was the capital required for funding finance. The different compositions of the groups to which they owed money and an analysis of the groups with which they were in relation, with regards to their main function allows one to determine their positions in the Ottoman socio-economic circle.

The vast majority of the works done on *sarrafs* are dependent on secondary literature and transcriptions of the archives, which cause a stalemate while studying this subject. The existence of Armenian sources and quantitative analysis of the archives shows the need for further studies on *sarrafs*. The lack of Armenian sources especially when studying this subject leaves an important area of this work in the dark. To cite an example from the first chapter, H. Barsoumian who works on Armenian

*sarrafs* examined how *sarrafs* gather capital before starting their occupation through various Armenian sources.

The accounts of *sarrafs* were analyzed and the volume and sources of capital deposited for the *iltizam* system was presented in the tables and this allows the gathering of knowledge on the financial transactions and the relations of *sarrafs* to other groups. According to this, the tables present the macro amounts from micro groups. This gives an idea as to the sources of the capital and their partnerships along with their credit relations, and it can be seen that the *sarrafs* were working as banks in the contemporary sense.



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## APPENDIX

### FIRST PAGE OF IMPERIAL MINT'S REGISTER NUMBER 167

SAYFA: 1

#### Hüküm:1

SARRAF TAİFESİNDEN SURET-İ İFLASINI İZHAR EDEN KİMROYA ZİMMİNİN BAZI KESANDA OLAN MATLUBATI ESHAB-I DÜYUNUNA GUREMATEN TESVİYE OLUNMASINA DAİR İLMUHABERDİR SARRAF-I MERSUMUN BAZI KESANDA OLAN MATLUBATININ MİKTARI:

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KASPAR BAZİRGANDAN	40.000
KÖSE MEHMET PAŞA YEĞENİ HÜSEYİN BEYDEN	82.000 (YEKUN)
MADEN-İ HÜMAYUN VE VOYVODASI MEHMET AĞADAN	15.000
GELGELÖĞLU YEĞENİ KİRKOR'DAN	2.300

MİNHA MERSUMUN BAZI KESANA OLAN DÜYUNUNUN MİKTARI: 509.000

	<u>GURUŞ</u>
İSMAİL BEY'E	120.000
İSMAİL BEYZADE ALİ BEY'E	50.000
TINGİROĞLU HOCA MİKAIL'E	78.000
MADEN KAYMAKAMI MEHMET AĞA'YA	51.000
UZUN ARTİN OĞLU HOCA ARTİN'E	23.000
CEZAYİRLİOĞLU HOCA SERKİS'E	40.000
SARRAF YARNİKOĞLU'NA (?)	8.000
SARRAF İSTEFAN'A	20.000
SARRAF HAÇADOR'A	25.000
SARRAF NİKOĞOS'A	12.500
HACI AGOP'A	9.000
HACI OVANES'E	2.500
HACI KALBOSA'YA	7.300
MARDİROS ZİMMİYE	2.900
HAMAMCI OSMAN EFENDİYE	15.000
NALLIHAN VOYVODASI MEHMET AĞAYA	8.200
OSMAN PAŞA GULAMI HÜSREV AĞAYA	3.000
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ŞEYH MUSTAFA EFENDİYE	9.000
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