

Letter to *The Financial Times*, 22 March 2023

[Medieval assurances beat any of today's stress tests](#)

Over the past few days, you have provided extremely informative coverage and analysis of the ongoing banking failures (The Big Read, March 21).

History itself provides some valuable lessons. During the Middle Ages, creditors had to rely on their ingenuity to provide for the security of their loans. Forced to borrow from the moneylenders of Brussels, for instance, King Edward III of England had to give his crown as security, whereas Charles IV, the Holy Roman Emperor and King of the Germans, was forced by his creditors to pledge both his crown and his coronation robe.

Today's regulators are much less ingenious: they rely on "stress tests", run only on paper, to confirm the trustworthiness of financial players and reassure anxious creditors. One is therefore tempted to argue that the old-fashioned way of providing financial guarantees in medieval times had more merits compared with what we observe today.

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