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## **Notarized Loans in 18th-19th Century Milan: a Credit Market Equilibrium? A Social Network Approach**

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This paper investigates the private credit market intermediated by notaries in Milan in mid eighteenth century and the first decades of the nineteenth century. The research is based on a dataset of loan contracts drawn up by the city's leading notaries in a period in which the city was undergoing a remarkable economic modernization. New ventures both in manufacturing and infrastructure required lively flows of capital whereas the massive redemption of public debt by mid eighteenth century provided a vast multitude of individuals and families with hot money. Compared to institutionalized credit providers (private bankers and later Savings Banks), this 'informal' lending market proved its capability to financing innovative ventures with not exclusively land-backed collateralized loans. Thanks to the dominance of a great deal of reputational information, notaries were able to make the private credit market avoid rationing. Social Network Analysis evidence demonstrates that a pooling equilibrium was averted in this market and a separating equilibrium was reached. Such a market was conducive to the rise of a modern financial-deepened society. A large share of high-middle-sized capitals were employed for financing the most innovative ventures, new partnerships, and the creation of infrastructures, paving the way to economic modernization, while a vast part of minor loans were used for meeting everyday needs, i.e. new consumption, asset management, debt rescheduling.

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