
Pawn Shops

As mankind's oldest financial institution, pawn loans can be traced back at least 3,000 years to ancient China and can be found in the early Greek and Roman civilizations. The first pawn brokers emerged more than 3,000 years ago. (To put this into perspective, the first stamped coins were minted around 650-600 B.C.) These first transactions were made by Buddhist monasteries who used donations to lend money to the public at a modest interest rate. Pawn shops became popular as economic institutions in ancient Greece and Italy. The growth of the industry was briefly throttled in Europe by the Catholic Church's restrictions on charging interest. As these restrictions were lifted, pawn shops began to appear across Europe.

Throughout history, pawnbrokers have helped people — all people. Pawn broking is not a new practice nor does it target or appeal to just one social class. King Edward III of England is said to have frequented pawn stores in Europe during the 14th century. Christopher Columbus' journey to the Americas was financed by Queen Isabella pawning the crown jewels. The Bishop of Myra was a wealthy man who came to the aid of a penniless father of three daughters. Under customs of the times, the daughters could not wed unless a dowry could be presented; if there was no dowry, they would assume a life of slavery or prostitution. The Bishop secretly visited the house of the man and his daughters at midnight and left three bags of gold for the eldest daughter's dowry. This practice would continue until all three children were married. The Bishop became known as the Patron Saint of Children, and each year children awaited his arrival at the stroke of midnight to bring gifts of gold. Sound familiar? He is now known as Saint Nicholas. Spreading generosity and good, Saint Nicholas is also the Patron Saint of Pawnbrokers.

Through the years, some pawnbrokers have hung three gold balls above their doors to welcome the spirit of Saint Nicholas and wish good luck to all of their customers. During the late middle ages, the House of Lombard in Europe had a group of pawn shops. The sign of the House of Lombard was the three golden balls, and this sign was associated for years with the pawn industry.

The pawn industry came to America with the first settlers, and in the early parts of this century, pawn broking was regarded as the main source of consumer credit. With the rise of large consumer credit institutions, such as finance corporations, savings and loan associations, and credit unions, the pawn shop is no longer the main source of consumer credit. But the pawn shop still plays a vital role in providing consumer credit. Although pawn shops have always been in the United States, their presence has greatly increased in the last hundred years. The Great Depression was responsible for much of this growth as at times, pawn shops were some of the few institutions lending money.

The general public needs to borrow small sums of money that other sources are not willing to provide, and this resulted in the rise of popularity of pawn shops.

Today, pawn shops exist in most countries in the world and have recently received an increase in pop culture presence due to two new reality television shows.

