THE DIFFUSION OF DOUBLE ENTRY BOOKKEEPING BEFORE 1800—ESTABLISHING A NEW RESEARCH AGENDA

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EXECUTIVE SUMMARY

This paper adopts a traditional critical-historical research methodology focusing on context and function to investigate and explain the factors that led to widespread adoption and diffusion of double entry bookkeeping within and beyond its Italian roots before 1800. It finds double entry facilitated use of credit in the face of a shortage of coinage. Its use spread among moneychanger-bankers at regional fairs across northern Italy, and from there to merchants and into communities of that region. Migration of Italian international-merchant-bankers across Europe led to its diffusion into clearing at the major international trade and financial markets they controlled, together with the system of bills of exchange they devised to facilitate settlement of obligations. Its use became mandatory at fairs along with bills of exchange, diffusing into the permanent early modern centers of trade and finance in Amsterdam and London, while increasing availability of resources to learn the method completed the process.

KEYWORDS

- Double entry accounting
- Double entry diffusion
- Double entry bookkeeping
- Bills of exchange
- Medieval
- Early modern
- Accounting education
- Textbook publishing
- International trade fairs
- International finance fairs

RESEARCH RELEVANCE

- This paper is a landmark intervention, systematically dismantling a view that has gone unchallenged for 75 years that has effectively closed down an entire area of scholarly inquiry — it does not merely correct the record, it reopens a research agenda that the dominant literature had rendered invisible.
- The scale of what has been missed is profound: this paper shows double entry accounting to have been structurally embedded in the financial and commercial architecture of medieval and early modern Europe for nearly six centuries. Yet the existing literature has fundamentally misrepresented accounting's contribution to the development of European trade, banking, credit markets, and governance before modern times as insignificant and worthless, because it regarded double entry accounting as useful only when employed to prepare twentieth-century financial statements.
- The paper does not sit within the existing literature so much as it stands apart from it, exposing the field's collective methodological failure to both recognise use of double entry and to ask why it was used, its over-reliance on an unrepresentative source base, and its uncritical perpetuation of the flawed conclusions of a single influential scholar: Basil Yamey.
- The paper provides both the evidential and conceptual foundation for a wholly new research direction and agenda, demonstrating through contextual and archival evidence what the existing literature failed to look for — purposeful, widespread, and structurally necessary use of double entry accounting across six centuries of European commercial history before 1800.
- Its significance for accounting history before 1800 is therefore twofold: it is at once the most substantial challenge yet mounted to the dominant view, and the most compelling case yet made for why that period deserves — and urgently requires — serious, context-driven scholarly attention.

BIBLIOGRAPHIC INFORMATION

Sangster, A. (2025). The Diffusion of Double Entry Bookkeeping before 1800—Establishing a New Research Agenda. Accounting Historians Journal, 52(1), 95-113. https://aura.abdn.ac.uk/server/api/core/bitstreams/78f03c33-47fe-4656-aa82-3f507fb1d544/content

"By exposing the field's 75-year methodological failure to ask "why?", challenging its over-reliance on an unrepresentative source base, and demonstrating through contextual and archival evidence that double entry accounting was structurally embedded in European commercial life for nearly six centuries, this paper stands as both the most substantial challenge yet mounted to the dominant view that double entry accounting served no purpose until it was used to prepare 20th-century financial statements, and the most compelling case yet made for why accounting history before 1800 urgently requires serious, context-driven scholarly attention."