

The Banks in the
Clearing House

W. HOWARTH

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THE BANKS

IN THE

CLEARING HOUSE

BY

WILLIAM HOWARTH

(Author of "Our Clearing System and Clearing Houses," "Banking Statistics,"
"The Three Crowns," "Somme Olde Curiosities," "Barclay & Company,
Limited," "History of Greenwich and Blackheath, &c., &c., &c.")



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PREFACE.



IN this book will be found a history of the various banks which enjoy the privilege of having a seat in the London Bankers' Clearing House—the most important financial institution in the world. The progress of each has been faithfully recorded, whether favourable or otherwise, and the statements and criticisms may be regarded as absolutely fair, coming as they do from the pen of a financial writer of many years standing.

The history of the Bank of England is not given in this book for two reasons. First, this bank is, so to speak, but half a member, as it only "clears" on one side; secondly, it would be an absolute impossibility to condense into a few pages the marvellous tale of existence of the "Old Lady of Threadneedle Street"—her vagaries have been so extensive that an account of them must be deferred to a separate volume.

It has been my endeavour to give a fair and absolutely unbiassed review of the various banks in the "House," and if my work meets with the approval of bank and financial officials, I shall be more than satisfied.

As some of the banks have their shareholders' meetings annually only, it has occurred to me, as being most fair to take, as frequently as possible, for the purposes of comparison, the balance-sheets for the year ended 31st December last.

The word of "amalgamation" has gone forth. The present lull is only temporary; jealous eyes are being cast on the few remaining private banks in the provinces—most, if not all of which, must sooner or later succumb to the wiles of the enterprising joint stock banks, and a number of the existing joint stock banks are regarded as likely acquisitions. But, and this is important, there can be no possible doubt that it will be as difficult half-a-century hence as to-day, for any strange bank to procure a seat in the "Holy of Holies"—the Temple in Post Office Court, Lombard Street.

During more than a century this centre, this pulse of the financial world, has followed its own course

quietly, unostentatiously, has maintained its authority with dignity, and has taught a lesson to all similar imitators, in the provinces, on the Continent, and in America. The future of the Clearing system is "progress and extension," and it may yet be that in a few years time the *clientèle* of the "House" may be so altered that another book on this subject may have to be written by

THE AUTHOR.

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THE BANKS

IN THE

CLEARING HOUSE.

CHAPTER I.

THE LONDON BANKERS' CLEARING HOUSE.

THE London Bankers' Clearing House has been aptly called the pulse of the financial world. There are probably few, if any, institutions, where such an enormous business is transacted year by year. The total paid clearing for 1904, for instance, reached the enormous aggregate of more than £11,000,000,000. But like all very old institutions there is a veil of mystery hanging over its origin. No one seems to know exactly when the clearing system was started, or whether in this country or any other. If in another country, then it must have been lost sight of for

many years, and "re-invented" in England. There seems no doubt that it was established before 1773.*

An old guide-book to London states, "The practice of clearing is said to be above a century old, the banks employing clerks called "clearers," who used to settle their accounts on the top of a post, or on one another's backs, in Lombard Street, and very often resorted to one banking-house, which had a large recess in the window, which they found very convenient, but the house in question found just the opposite, and the noise made such a hindrance to business that, it is said, they were often summarily turned out. This led to a house being taken in 1810, and the organization of a system admirable in its simple arrangements." To this we may add we have heard that the early clearing transactions were often carried on in a friendly public-house. It appears very probable that "The Grasshopper" was the rendezvous referred to in the above extract, but an entry in the books of Messrs. Martin & Co. in 1773, "Quarterly charge for the use of clearing-room, 19s. 6d.," gives an earlier date to

* Lawson, in his "History of Banking" (p. 316), dates the establishment of the Clearing-House at 1753.

its establishment.* From an article on the Clearing House we take the following extract: "In 1775 a building in Lombard Street was set apart for the use of bankers, in which they might exchange drafts, bills, securities, and thereby save labour, and curtail the amount of floating cash requisite to meet the settlement of the different houses if effected singly."†

Mr. Barnett thinks that "in the early days of clearing the clerks used to meet in a room in the banking-house of Messrs. Smith, Payne, & Smiths, but, in 1841, removed to their present Clearing House." Some years ago Messrs. Smith stated that they had no record which enabled them to speak with any degree of certainty as to the accuracy of that assertion, but they learned from a gentleman in their employ that so early as 1827 "the Clearing House or office adjoined the bank, of which it formed part."

With regard to the establishment of the clearing system we cull the following: Possibly the principles of the Clearing House were first understood and acted upon by bank clerks and messengers rather than by the bankers and bank managers themselves. Those

* "The Grasshopper," by Mr. J. B. Martin.

† Haydn.

employés, even then so it seems, averse to unnecessary work, and ready to resort to any expedient which would in the slightest degree lessen their labours, came to the conclusion that much time would be saved if they were to meet to exchange the bundles of cheques, &c., which they were sent to collect instead of presenting them for payment at the counters of the various bankers. For this purpose the top of a post, or the corner of a street, was oft-times selected. In a neighbouring court was a convenient tavern, so this was chosen as a rendezvous, as an improvement on the transactions in the open streets. We have heard that the whole arrangement was come to in a public-house to which the messengers and others made a practice of resorting. What more natural than that two or three bank officials should there meet and discuss their views on banking in general and for their own establishments in particular! Perhaps in the course of discussion one man, say, from "Robarts," compared his "charge" with that of the clerk of another bank, say, "Glyn's," and suddenly, as by inspiration, this suggestion was made, and acted upon: The clerk from Robarts' listed all the cheques and drafts he had on Glyn's, and Glyn's clerk made

a similar catalogue of all the drafts, &c., he held on Robarts; they next exchanged parcels, and returned each to *his own bank*, agreeing to meet again later on. In the interim the cheques taken to each bank were examined. The messengers or clerks returning to the appointed place as agreed, some such conversation as this probably took place between them: Glyn's man, "Robarts, we have a charge of £9,056 17s. 8d. on you and you have a charge of £10,187 3s. 9d. on us; as all our respective cheques are good we have to pay you (£10,187 3s. 9d. less £9,056 17s. 8d.) £1,130 6s. 1d." The balance of the transaction was then paid in notes and gold by Glyn's man to the representative of Robarts' bank.

This is very probably how the system of "clearing" originated, commending itself by its very simplicity. For, referring to the hypothetical example just given, had it not been for so easy an arrangement each bank must, of necessity, have paid the other in full—that is in notes and gold. In other words, £19,244 1s. 5d. would have changed hands instead of the comparatively small amount of £1,130 6s. 1d. The plan adopted by the clerks, although known and winked at by the officials, at last demanded attention because of the

dangers attendant upon it. The principle was, however, recognized, with the result that, in 1810, a house was taken for the sole purpose of "clearing."

We find that Mr. John White was an inspector of the Clearing House in 1818, but we cannot trace who held that responsible position before him. His salary, as president or inspector, appears to have been £100 per annum. He was succeeded by a Mr. Henna, who was followed by Mr. John Pocock; he, in his turn, was succeeded by Mr. George Derbyshire, who for many years had as his assistant Mr. Pocock. On the retirement of Mr. Derbyshire, Mr. Pocock was elected chief inspector, with Mr. P. Matthews (of Barclay & Co., Ltd.) as assistant. On Mr. Pocock's retirement Mr. Matthews was elected chief inspector, which exalted position he still holds. His sound financial knowledge and business abilities have long since proved to the whole of the banking world the wisdom of the committee in their selection of a fitting successor to Mr. Pocock.

The year 1854 is remarkable in the annals of the "House" for two great innovations—(1) the admission of joint-stock bankers over the sacred threshold of the Temple of Mammon, and (2) the balances for

the first time being settled by transfer, or drafts, on the Bank of England. Widely different impressions obtained as to the extent of the economy effected in the bank-note circulation by this arrangement. Mr. Barnett says, "An examination of the return of the daily transactions of the Clearing House for 1839 will show that the largest amount of bank-notes used in one day for the payment of balances was £598,300, the smallest £108,000, and the average for the year £213,100. Mr. George Derbyshire has been good enough, with the sanction of our president, to give the aggregate balances for 1879-80, and I find that they range from £1,140,000 to £5,534,000, giving a daily average of £2,068,000. Thus whilst the totals of the clearing increased in the period 1839-79 from £954,000,000 to £5,266,000,000 or by some 450 per cent., the average balances increased by 900 per cent."*

To Mr. Derbyshire is due the honour of being the gentleman by whose instrumentality the grandest of all the various alterations in the transaction of clearing business is due—the payment of balances by transfer. The plan was originally proposed by Mr. Babbage,

* "Effect of the Development of Banking Facilities upon the Circulation of the Country" (pp. 80 and 81).'

but was opposed by the majority of bankers. Mr. Derbyshire urged the matter most strongly, and it was decided at a meeting held at the Bank of England that the plan of settlement by transfer should be adopted.

The earliest authentic record we can find of the amount of paid clearing is in the report of the Committee of the House of Commons on Banks of Issue dated 1840, which shows that in the previous year the total amount of clearing paid through the House was £954,401,600. Compare that with the total of more than £11,000,000,000 of to-day, and one can grasp in a moment the fact that not only the Clearing House, but the world generally, must have made enormous strides. As we have already said, the Clearing House is the great pulse of the financial world, and by its returns one can easily gauge the state of trade—its progress or decadence.

The country clearing system is a modification of the town clearing, and has been established some forty-five years. The whole credit of this magnificent addition to the work already referred to, so far as London cheques and drafts are concerned, is due to the Lord Avebury, one of the greatest living authorities

on banking matters. At first it seemed as though the proposal could not work, but as soon as a trial was given it turned out an enormous success, and has largely contributed to the welfare and comfort of citizens in the provinces. The number of cheques passed through the country clearing is tremendous by reason of the average value of each being so much smaller than that of the drafts passing through the town department. We do not think for a single second that Sir John Lubbock adequately conceived the magnitude and far reaching effects of his proposal.

It was for the present chief inspector, Mr. Philip Matthews to differentiate between the "town" and "country" paid clearing, and it is under his régime that we are able in the weekly returns to learn how much of the enormous aggregate is due to London, and how much to country business. One thing is quite certain, that when the return under the new plan was first made the bankers, not only in London, but all over the country, were astonished to learn the dimensions to which the clearing business—other than London—had grown. Were greater facilities to be offered in hours and accommodation it is more than probable that one would see the country clearing returns increase by leaps and bounds.

It is impossible for us in this work to give detailed statements as to how the system works or an analysed précis of the returns. Suffice it to say that as our plan has been adopted not only in the provinces and the colonies, but also in foreign countries and America, that surely is a sufficiently strong imprimature as to its utility and efficacy. With the extension of the building in recent years work has been greatly facilitated in Post Office Court, Lombard Street, but there still remains plenty of room for extension if only circumstances served. But situated as it is in the very heart of the City, and hemmed in as it is by buildings occupied by important insurance and other companies, it almost seems as though the committee have reached the end of their tether so far as further extension is concerned.

It is a great pity, since with a larger and more commodious building it is probable that the Scotch and Irish banks might be admitted as well as two or more important institutions in the metropolis now clearing through other companies.

CHAPTER II.

THE LONDON CLEARING HOUSE, 1854-1904.

THE CHANGES OF FIFTY YEARS.

IT is always interesting to glance back at the history of old institutions, and still more fascinating when they happen to have a history all their own. In the previous chapter we have given a summarised account of the Clearing House, although we could not record a list of its earliest members. Here we take a retrospect of half a century, and all those in any way connected with the banking world will at once recognise the strange alterations which have taken place during that period in its denizens. The old generation has passed, or nearly passed, away, and another has sprung up which remember not, or ignores, their predecessors in the centuries which have gone. As we have already stated, there is only one absolutely private bank in the House to-day, although it was many years after the establishment of joint-stock institutions that any admission was allowed to them to the sacred

precincts of the Clearing House. But it is not only the private houses which have disappeared off the scene—amalgamation between joint-stock banks have constantly taken place. It will be seen by the following list that in 1854 the only joint-stock banks then in the House were the Commercial Bank, the London Joint-Stock, the London & Westminster (with their Southwark branch), the Royal British Bank, and the Union Bank of London, and it will be noticed what fate has befallen these and the rest.

1854.

Barclay & Co.			
Barnett & Co.	...	...Amalgamated with Lloyds	1884
Bosanquet & Co.	... ..	..	..
Brown, Janson, & Co.	... ..	..	..
Commercial Bank	... ..	...Stopped payment in	1866
London & County Bank			
Currie & Co.	... ..	...Amalgamated with Glyn & Co.,	1864
Dimsdale & Co.	... ..	...Amalgamated with Prescott & Co.,	1890
Fuller & Co.	... ..	...Amalgamated with Parr's,	1891
Glyn & Co.	... ..	...Amalgamated with Currie & Co.,	1864

Hanbury & Co.	...	...Amalgamated with Barnett & Co., 1864
Hankey & Co.	...	} Became Consolidated Bank 1863
Heywood & Co.	...		} Amalgamated with Parr's, 1896
London Joint-Stock Bank		
Jones, Loyd, & Co.	...	...Amalgamated with London & Westminster, 1867
London & Westminster Bank		
„	(Southwark)	
Lubbock & Co.	...	...Amalgamated with Roberts & Co., 1860
Martin & Co.		
Masterman & Co.	..	..Became Agra & Masterman's Bank, 1864. Stopped payment, 1866.
Prescott & Co.	...	...Amalgamated with Dimsdale, 1890.
Price & Co.	... ..	...Stopped payment, 1866.
Robarts & Co.	...	...Amalgamated with Lubbock & Co., 1860.
Royal British Bank	...	...Stopped payment, 1856.
Rogers & Co.	... ..	...Became English Joint-Stock Bank, 1866. Stopped payment, 1866.



Sapte & Co. ...	...	...Amalgamated with Fuller & Co., 1859
Smith & Co.		
Spooner & Co. ...	...	...Amalgamated with Barclay & Co., 1865
Stevenson & Co. ...	...	...Amalgamated with Bosanquet & Co., 1867
Union Bank of London		
Williams & Co. ...	...	...Amalgamated with Manchester & Salford Bank, 1900
Willis, Percival, & Co.	...	...Stopped payment, 1878

Since 1854 many changes have taken place. The following banks have been omitted, but it will be seen at a glance that the system of changes continued. The banks admitted since 1854 have been:—

City Bank, 1856 ...	...	...Amalgamated with London and Midland, 1898, and title of combined institutions altered to London City & Midland Bank
Bank of London, 1856	...	...Stopped payment, 1866
National Bank, 1859		
Alliance Bank, 1863...	...	...Amalgamated with Parr's, 1892
Imperial Bank, 1863...	...	...Amalgamated with London Joint-Stock Bank, 1889

Metropolitan Bank, 1868 ...Amalgamated with Birmingham Banking Company, 1889

Bank of England, 1864 ...*One side only*

National Provincial Bank, 1865

London & South - Western
Bank, 1878

Central Bank, 1878Amalgamated with Birmingham and Midland Bank, 1891, when titled was changed to London & Midland Bank. Further amalgamation with the City Bank, 1898, when name again altered to London, City & Midland Bank, Ltd.

Capital & Counties' Bank, 1882

Lloyds' Bank, 1894On their amalgamation with Barnett & Bosanquet

Parr's Bank, 1891On their amalgamation with Fuller & Co.

1904.

Bank of England (one side only).

Barclay & Co., Ltd.

Capital & Counties.

Glyn & Co.

Lloyds.

London & County.
London & South-Western.
London & Westminster.
London, City, & Midland.
London Joint-Stock.
Martin's.
Metropolitan.
National.
National Provincial.
Parr's & the Alliance.
Robarts, Lubbock, & Co.
Union & Smith's.
Williams, Deacons.

CHAPTER III.

BARCLAY & COMPANY, LIMITED.

THIS company, when it appeared as a limited instead of a private company, almost took away the breath of the banking world. The announcement was entirely un-anticipated; the old private banking-house of Barclay & Co. was looked upon as one of the few which would weather the tide of competition and proceed on its own lines, strong and firm, as it had done for more than a century. If Barclay's amalgamated at all why should it not be with some of their contemporaries in the west of London, and some of their many connections in the country? That was the question asked by the customers, and the man in the street. The business was sound, old established; the credit was all that could be desired; the firm was one of those in which no one expected to see any alteration; the demands of modern times as regards periodical balance-sheets had been complied with; the public were more than satisfied with the

stability of the institution, and yet the directors thought fit to arrange a combination of interests which staggered the financial world. The wisdom of the policy of the Bank was seriously questioned, but the result proved that it was more than justified.

Barclay's, like Robarts, was one of the old private banking institutions in London which had survived the tide of amalgamation and absorption; the bank had held sternly aloof from all inducements and allurements. There were scores of joint-stock banks which would have been only too glad to come to terms, but none of the offers were accepted. Barclay's wished to take its own initiative, and did so. Joint-stock banks, as partners, were not desired—they were not needed. Seeing the importance of falling in line, Barclay's chalked out the plan on which they intended to work, and by a skilful piece of diplomacy obtained the ready consent of the many provincial houses to throw in their lot with them so that a limited company might be established on a sound basis, the interest of each branch connected with the partnership might be properly considered, and that the combined institution might face the London world as a joint-stock company which was prepared to measure swords with those at that time holding the supremacy.

From a private bank, of great repute, Barclay's, by this one stroke of diplomacy, placed themselves in the foremost ranks of the clearing banks of the day—a position which they have more than maintained since. The firm of Barclay & Co., not to give their title in full, was so well known that their pronouncement in 1896 was received with the greatest respect, albeit excitement; and everyone was assured that no such momentous step would have been taken except the management was absolutely clear that it would be for the present and future good of the institution. The circular ran:—

“54, LOMBARD STREET,

“LONDON, E.C.

“*June*, 1896.

“We have the pleasure to inform you of the completion of arrangements for the amalgamation of the businesses of the private banks, whose names are appended, as a company with the name of Barclay & Company, Limited.

“The registered capital will be £6,000,000, of which £5,000,000 will be issued and subscribed; £2,000,000 will be paid up, and a further sum of £1,000,000 provided as a

reserve fund. The whole of the £5,000,000, and also the reserve fund, will be subscribed by the amalgamating firms.

“The directors, whose names are annexed, have been selected from among the existing partners, and the local management will remain in the same hands as heretofore, the private character of the banks being thus preserved.

“We are confident that this combination of private banks, which has been long in contemplation, will have the approval of our friends and of all concerned.

“BARCLAY & Co.”

NAMES OF BANKS AMALGAMATING.

Barclay, Bevan, Tritton, Ransom, Bouverie & Co.,
London and Brighton.

Goslings & Sharpe, London.

Gurney & Co., Norfolk, Fakenham, Halesworth, King's
Lynn, Wisbech, Great Yarmouth.

Gurneys, Alexanders & Co., Ipswich.

Gurneys, Round, Green & Co., Colchester.

J. Backhouse & Co., Darlington.

Bassett, Son & Harris, Bedfordshire (Leighton Buz-
zard Bank).

Fordham, Gibson & Co., Royston.

Gibson, Tuke & Gibson (Saffron Walden and North Essex Bank).

Molineux, Whitfield & Co. (Old Bank), Lewes.

J. Mortlock & Co., Limited, Cambridge.

Sharples, Tuke, Lucas & Seebohm, Hitchin.

Sparrow, Tufnell & Co. (Essex Bank), Chelmsford and Braintree.

Veasey, Desborough, Bevan, Tillard & Co. (Huntington Town and County Bank).

Woodall, Hebden & Co., Scarborough Old Bank.

The following interesting history of the premises now occupied by the Bank is taken from Mr. J. Hilton Price's valuable work, "The Signs of Old Lombard Street."

"No. 53. 'The Black Horse.' This was the original site of this sign. It was here that Pepys' friend, little Stokes, the goldsmith, lived, who in 1677 appeared in the 'Little London Directory' as 'kepeing running cashes' under the name of Humph. Stocks; but Stokes was probably correct, as in *The London Gazette* of June, 1700, the name of Robert Stokes, of 'The Black Horse' is to be seen. John Bland, goldsmith, was here in 1728, having obtained a lease from the Vintner's Company. In 1749 a fresh lease was granted to a Devereux Bowly, and then, or

perhaps a little earlier, it may be presumed John Bland moved to the premises now No. 62, at the corner of Birchin Lane, and took his sign with him.

“No. 54. By a deed in the possession of the Vintner’s Company, we learn that, in 1728, this house was called ‘The Bible,’ and was in occupation of George Braithwaite, a goldsmith.

“No. 55. This house was in all probability called ‘The Three Kings,’ and was occupied, according to a list of bankers published in 1768 in *The Daily Journal*, by Messrs. Pewtress & Robarts, and by Messrs. Smith, Wright & Gray. In another list we find Messrs. Pewtress & Robarts as being opposite ‘The Three Kings,’ which would be about No. 32, but, unfortunately, nothing is known of this firm after 1769, otherwise we should have been able to clear up the difficulty by the number. In 1770 we find the house was numbered 55, and Messrs. Smith, Wright & Gray were the occupiers, where they remained a few years before moving to No. 21.

“No. 56, on the east side of George Yard, was ‘The Black Spread Eagle.’ We learn from *The London Gazette* that in 1676 one James Taylor, a goldsmith, was at this sign, and that he advertised

for a runaway lad, aged about fourteen years, who was somewhat freckled in the face, and had brown hair and wore a grey coat which had pewter buttons. That is all that is known of him. The next occupant of 'The Spread Eagle' was Jeremiah Marlow, a goldsmith, who advertised his wares in *The London Gazette* from 1694 to 1702. Messrs. Freame & Gould were here in 1728. Mr. Freame started in business in 1694 at 'The Three Anchors' in this street, where he certainly remained till 1702. In 1736 Mr. James Barclay, who was the son of David Barclay, of Cheapside, joined him in partnership. Towards the end of the last century it is recorded that the staff of Barclay's consisted of three clerks, and we are told that upon the third clerk coming to the shop for the first time, he was thus dressed: He wore a long flapped coat with large pockets; the sleeves had long cuffs with three large buttons, something like the coats worn by the Greenwich pensioners of the present day; an embroidered waistcoat reaching nearly down to his knees, with an enormous bouquet in the button-hole, a cocked hat, powdered wig with pigtail and bagwig, and gold-headed cane similar to those of the present day carried by footmen of ladies of rank.

This appears a peculiar costume nowadays, but it is quite possible that bankers had a particular dress or uniform that they compelled their clerks to wear. Messrs. Barclay, Tritton & Co. remained here till 1818, when their number became 54. This bank now occupies the whole block between George Alley and George Yard, consisting of 51, 52, 53, 54, 55, and 56.

“No. 57. The sign of the house formerly on this site was probably ‘The Ram,’ although in the deeds of the property no special sign is named; but from the perusal of them we learn that, previous to the Great Fire in 1666, ‘The George Inn,’ stood here, and afterwards two houses were erected on each side of George Yard, the two on the west side of the yard, described respectively as Snow’s House, which we know was No. 58, and Ward’s House, which was No. 57. Upon reference to the ‘Little London Directory,’ of 1677, we find that Robert Ward and John Towneley were at ‘The Ram,’ keeping running cashes; we do not know how long this firm existed, but about 1750 we find, by a deed, that Mr. Fraser Honeywood, banker, was here, whose business was started about 1737, probably in the same house, by Atkins, Honeywood & Fuller, and when they moved

into Birchin Lane in 1754, Mr. Henton Brown, banker, came here; in 1781 the firm had become Collinson & Tritton. They occupied during this period the two houses, 57 and 58, which had been made into one. Mr. Tritton joined the firm of Messrs. Barclay & Bevan, and in 1787 Henry Goldfinch occupied the house."

Oddly enough, no accurate account has yet been given to the public of the nativity, nearly two centuries ago, of this great bank. The tradition concerning Mr. Barclay, the draper of Cheapside, and King George, is but a fairy tale which contains only a few grains of truth. When the grain is sifted from the chaff, the story bears quite a different complexion. Truth, however, is stranger than fiction, and my readers will find it in this case quite as entertaining.

The date of its establishment is very uncertain, but must have been prior to 1729, as the books of the firm go back to that date. By the courtesy of one of the directors we have had access to the oldest ledger held by the bank, and the first entry is under the date mentioned. The ledger, however, is marked "S," and as in those days the books were distinguished by letters instead of numbers, it is clear that

many previous ledgers had been in use, so that, in all probability, another forty or fifty years may be added to the age of the bank. While speaking of this ledger it will be of interest to learn that one of the securities in which the surplus funds of the bank were then invested was "the Lead Company's" shares, which are still held by some of the partners, and continue to yield a profitable revenue. There is a record that in 1728 one of the then partners, Joseph Freame, had purchased the freehold premises in Lombard Street, at the corner of George Yard. In that year, Joseph Freame, described as "citizen and goldsmith," traded in partnership with Thomas Gould, and continued to do so under the style of Gould & Freame, until 1736, when James Barclay entered the firm, and it is at this stage in the history of the bank that the name of Barclay first appears, that James being the son of David, and grandson of Robert Barclay the Apologist. According to a genealogical tree of the Barclays of Urie (dated 1812) which gives the history of the Barclays for nearly 800 years, it appears that the main branch of the Scotch family intermarried with the direct descendants of Edward III. of England and Robert III.

of Scotland, and it may be interesting to note that the Barclays of Barclay, Perkins & Co. are also connected with the same family. Thus it will be gathered that the tale of the introduction of James Barclay to the firm by the influence of George III. is simply a myth. One thing is quite clear, that so far back as the early part of the seventeenth century the Barclays were in frequent touch with royalty, but space will not permit us to give the many interesting and fascinating records to be found amongst the writings of old chroniclers.

The Bevans appear to have been connected with this firm as far back as 1728. At all events, at that date Silvanus Bevan figures among the clients of the firm. The Bevan family is of Welsh extraction, and can trace its pedigree farther back even than that of the Barclays. The Mr. Silvanus Bevan referred to, if not an actual partner in the firm, was probably an ancestor of the first Mr. Bevan who entered the Lombard Street house, whose descendant, Mr. Francis Augustus Bevan, is now the chairman of the Bank. This gentleman was educated at Harrow, under the late Dr. Vaughan, and entered the firm of Barclay, Bevan, Tritton & Co., as it was then called, on February 22nd, 1859.

It was in 1786 that Mr. John Henton Tritton became a partner in the firm, and since that date various members of his family have held that responsible position. The present Mr. Joseph Herbert Tritton is the great-great grandson of John Hinton, and is one of the best known authorities in the banking world. Holding the high position of honorary secretary of the Bankers' Clearing House, the institution which is the pulse of the financial world, he is also one of the leading officials of the Institute of Bankers, the Bankers' Association, the Association of Country Bankers, the Bank Clerks' Orphanage, &c., &c.

In this volume we have not space at our disposal to go at all adequately into the history of the members now constituting the board of management, nor can we deal with the remarkable life-story of many of the century old banks absorbed. If we were to do so we could fill volume after volume. So we will deal very briefly with two only of the amalgamated banks—Ransom, Bouverie & Co. and Goslings, Sharpe & Co.

RANSOM, BOUVERIE, & Co.

On the absorption by Barclays of this old west-end house the title of the establishment was altered to

Barclay, Bevan, Tritton, Ransom, Bouverie & Co. The house of Ransom & Co. dates back to 1746, when it was called Ransom, Morland & Hammersley. It is a curious fact that each of the partners subsequently opened separate banking establishments. Mr. Hammersley, in 1796, opened a house in Pall Mall, and Mr. Morland, twenty-three years later, started a bank of his own. In 1834 Messrs. Ransom & Co. removed to 1 Pall Mall East, where they remained. In 1856 an amalgamation was effected with Messrs. Bouverie, Murdock, Bouverie & James, of 11 Haymarket, when the name was changed to Ransom, Bouverie & Co.

With regard to Mr. Hammersley's bank, various partners were admitted from time to time, the firm in 1823, being Hammersley, Greenwood & Brookshank. They continued to conduct business as bankers till 1840, when they were absorbed by Messrs. Coutts & Co. The premises which they occupied in Pall Mall were subsequently taken by the London Joint-Stock Bank, a branch of which was established there in 1842. It was in 1888, June 23rd, that the announcement of the amalgamation of this old bank with that of Barclay, Bevan, Tritton & Co. first appeared, and, it is needless to say, caused quite a flutter of surprise amidst the banking fraternity.

GOSLINGS & SHARPES,

or "The Three Squirrels," to give it its title of the days of long ago, was absorbed by Barclays in 1896, and most Londoners were sorry to see that one of the old historic institutions of the metropolis had sunk its identity by amalgamating, even with one of the strongest and most progressive banks in the country. The old house was next door to "The Palace of Henry VIII. and Cardinal Wolsey." Even to-day we can see on the new building which Barclays have erected on the site of Goslings the "three squirrels." It would have been a thousand pities for this sign to have been removed, as Goslings were goldsmiths and bankers upwards of two centuries ago. So far back as 1650 one, Henry Pinckney, was carrying on the business of goldsmith at this house. It was about 1650 that the goldsmiths of Lombard Street and the Cheap. began to migrate towards Fleet Street and the Strand, and it is not unlikely that Pinckney's was the original business. The house was destroyed in the Great Fire, and, to encourage the landlord to re-build, Thomas Thorold included the ground previously occupied by the adjoining house, "The Holy Lambe." The present building includes

the sites of "The Golden Dragon," "The Crown," "The Wheatsheaf," "The Three Daggers," and "The Gun in Hand Alley" (otherwise "Hercules Pillars' Alley").

Mr. Hilton Price speaks of a draft drawn on Sir Francis Child by the Earl of Gainsborough, dated "Ye 12th of May, 1705," which runs as follows: "Sir,—I desire you to pay unto Mr. Pinckney, goldsmith, three days after sight of this, the somme of forty-one pounds fourteen shillings." This shows that "The Three Squirrels" and "Ye Mari-gold" had business relationship.

Noble remarks: "It must have been about this period (1674) that the name of Gosling first became associated with the firm, for among several payments in the Secret Service Money of Charles II. and James II. occurs this entry: 'To Richard Bokenham in full for several parcels of gold and silver lace bought of William Gosling and partners on May 2, 1674, by the Duchess of Cleaveland for the wedding cloaths of the Lady Sussex and Lichfield, £646 8s. 6d.'"

We may enumerate here a few of the customers of the bank whose names are of historical interest. Lord Campbell, Lord Denman and Lord Ellenborough kept

their accounts here, as did also Lord Clive and Warren Hastings. Amongst literary celebrities are to be found Law, Bishop of Carlisle; Percy, Bishop of Dromore; Alexander Pope and Samuel Richardson. Of newspapers, *The Times* and *The Morning Advertiser* were old customers. Such is a brief history of an establishment with a remarkable history.

Subsequently Barclay & Co. have absorbed among others the private firm of Marten, Part & Co., of St. Albans, in 1892, and a few months later in the same year the company were sufficiently fortunate to procure the splendid and extensive business of the York Union Bank. Several other banks have since been added to the long list of those which Barclay's have taken over.

Below is a copy of the balance-sheet for the year ended December 31st, 1904 :—

<i>Liabilities.</i>	£	s.	d.
To Current, Deposit and other Accounts ...	36,392,416	14	11
„ Acceptances for Customers	141,884	1	4
„ Capital, viz. :—			
346,500 shares of £20 each, £8 paid ...	2,796,608	0	0
„ Reserve Fund	1,250,000	0	0
	<u>£40,580,908</u>	<u>16</u>	<u>3</u>

	<i>Assets.</i>	£	s.	d.
<i>By</i> Cash in hand and at Bank of England and with other Bankers	£5,023,183 2 11			
„ Cash at Call and at Short Notice	4,022,500 0 0			
	<hr/>	9,045,683	2	11
„ Investments		8,649,314	12	10
„ Advances to Customers and Bills Dis- counted, including Brokers' Bills ...		21,395,081	5	1
„ Liability of Customers for Acceptances (as contra)		141,884	1	4
„ Balance of Bank Purchase Account ...		100,000	0	0
„ Bank Premises and adjoining Property ...		1,248,945	14	1
		<hr/>		
		£40,580,908	16	3
		<hr/> <hr/>		

CHAPTER IV.

THE CAPITAL & COUNTIES' BANK.

THIS bank was established more than seventy years ago, although not under its present name. It was on May-day, 1834, that the Hampshire Banking Company first saw the light of day with its head office in Southampton, but the lines on which it was started were sufficient guarantee that there was a long life before it. The original capital was £300,000, divided into 6,000 shares of £50 each. At an extraordinary meeting of the shareholders held on 30th October, 1839, it was decided (1) to increase the capital by the creation of a further 2,000 shares; and (2) to authorise the board to pay half-yearly instead of yearly dividends. These shares were issued at a premium of £3 each. In 1848 a call of £5 per share was made; and nine years later, the directors proposed that £20,000 should be taken from the reserve or guarantee fund and capitalised, by the issue to the then shareholders, *pro rata*, of 2,000 new shares at a premium of £2 per share. This wise move on

the part of the directors immediately enhanced the repute which the bank already enjoyed, and, as a matter of course, made it still more popular, while business rapidly increased. In 1864 new capital being issued at a premium of £4 per share, raised the total paid up to £150,000, while the premiums being added to the reserve increased that fund to £50,000. In December, 1875, the paid-up capital stood at £200,000. Two years later an important step was taken, the title of the institution being altered to the Hampshire & North Wilts Bank, when a further new issue increased the capital to £300,000. From time to time this item has been increased through new issues necessitated by the acquisition of other businesses, or by the demands made by the steady growth of the legitimate business of the bank till at the present time it amounts to no less than £1,500,000, while the total subscribed is £7,500,000.

While the capital has been frequently augmented the reserve fund has been well cared for, receiving not only the benefit of premiums on new issues from time to time, but also substantial subsidies out of the annual profits, so that now this item, which is of such special interest to the shareholders of any bank, approaches a million pounds sterling.

The head office remained at Southampton till 1876, when it was removed to London, and, in 1878, the title was changed to the Capital and Counties' Bank, and the company was registered as a limited concern two years later. But though the bank has made steady headway there have been times when, like its competitors, it has keenly felt the strain of competition. After having entered the metropolis the one great desire of the directors was to obtain a seat in the Clearing House, but space there, then as now, was very limited, and other competitors were in the field. In the report for the year ended 30th June, 1877, the following paragraph occurs: "Shortly after commencing business in London the directors applied to be admitted into the Clearing House, but the committee, which consists of London bankers, decline to accede to the application. This decision has caused considerable inconvenience to bankers generally, and admittedly to the London bankers themselves, as it has thrown out of the Clearing House the transactions of fifty branch offices which have hitherto passed through that channel, and has also added to the risk attendant upon the collection, on both sides, of cheques and other cash documents payable in London. The

directors have taken steps to mitigate, so far as possible, the inconvenience to their country correspondents, and they hope the time is not far distant when the London bankers, who at present have the exclusive privilege of entry to the Clearing House, will take a broad view of the situation, and extend the advantages of clearing to all bankers having City offices." This wish is even now strongly endorsed and re-echoed by bankers generally, but it will be a long day before such a desirable result can be arrived at. There are in the city many large banks still debarred the advantage of having a seat in Post Office Court, and though the Clearing House authorities have exerted all their powers and exercised all their ingenuity in enlarging and increasing the accommodation of the building there must be a limit, and hemmed in as the House is by other buildings it seems to us that for many a year to come no more banks can be admitted except by—let us hope a highly improbable contingency—one or other of those now occupying seats retiring. The only other course by which increased accommodation could be procured would be by the purchase of a larger site and the consequent erection of a much

larger building—an end to be most devoutly desired by all London bank officials.

The first balance-sheet of the Hampshire Banking Company, issued to the public in 1857, was as follows:—

<i>Dr.</i>	£	s.	d.
To Paid-up Capital, being £10 per share on 8,000 Shares	80,000	0	0
„ Guarantee Fund... ..	20,990	1	4
„ Amount due to Customers on Deposit and Current Accounts, and upon Drafts in Circulation	531,392	3	10
„ Profit	24,249	19	9
	<u>£656,632</u>	<u>4</u>	<u>11</u>
<i>Cr.</i>	£	s.	d.
By Cash at Call, Bills Discounted, Loans, and other Securities	649,632	4	11
„ Cost of Bank Premises	7,000	0	0
	<u>£656,632</u>	<u>4</u>	<u>11</u>

Here we must call attention to the slow progress the bank had made up to that date, when it had been established about twenty-three years. This does not sound very promising, but it must be remembered that when the bank was first established, Southampton, which was selected for the headquarters, had a population of some 35,000 only.

Compare that with the population to-day, and at the same time compare the balance of current and deposit accounts, £531,000, in 1857 with the £28,251,167 of forty-seven years afterwards—the amount of money entrusted to the custody of the bank on current and deposit accounts at the date of the last annual balance-sheet.

By glancing at the old balance-sheets a continuous growth of the current and deposit accounts can be noticed, but the enormous increase in the figures is due to a considerable extent to the absorption of other banking institutions—and such amalgamations or absorptions have always been most judicious, and turned out very successful. In 1840 an amalgamation was effected with the Southern District Banking Company, an opening which was exceedingly advantageous to the bank, as it provided several establishments in the Isle of Wight. In 1854 the private firm of Wickham, Baily & Rawlins, of Winchester, was absorbed; and, in 1861, the private bank of Atkins & Son, of Portsmouth, was purchased. But these were only the commencement of a policy to be developed later. In 1863 the old established house of Seymour & Co., of Basingstoke and Odiham, was secured, and in 1873 the Hampshire Banking Company

bought up the English & Jersey Union Bank of Jersey.

In 1876 the bank took a most important step in advance—the head office was removed to London, and bankers in the metropolis rightly assumed that this was simply the prelude to further and greater developments. They had not to wait long, as the next year it was announced that the North Wilts Banking Company, with numerous branches and sub-branches, had been secured. Then it was that the title of the institution was altered to the Hampshire & North Wilts Bank, Limited, an unwieldy name, which was soon after changed to the Capital & Counties' Bank, Limited. In 1878, the old private house of Willis, Percival & Co., of Lombard Street, having suspended payment, the Capital & Counties came on the scene, took the premises, bought the business, naturally assuming that this step would secure a seat in the House. This event did not come off, however, and the enterprising bank had to wait until the Central and the London & South-Western had preceded it before the chance came for crossing the sacred threshold of the Temple of Mammon. In 1888 two private banks were purchased—Haydon & Co., of Guildford; and Locke, Tugwell & Meek, of Devizes.

We have already commented on the importance of the absorption of the North Wilts Banking Company, a still more far-reaching amalgamation was effected in 1886, when the Capital & Counties procured the Gloucestershire Banking Company, Limited, with no less than forty-two offices in the west of England. Still with an eagle eye on eligible openings for new or extended business, the firm of Knight & Son, of Farnham, was bought in 1886. Four years passed in a state of quiescence so far as further extensions by absorptions were concerned, but lost time was then rapidly made up. In 1890 the Western Counties' Bank was taken over, to be followed a little later by the absorption of the Northamptonshire Banking Company, which latter gave the Capital an opening in a comparatively new direction. In 1891 the two banks of Garfit, Claypon & Co., Limited, of Boston, &c., and Watts, Whidborne & Co., of Teignmouth, &c., were procured. In 1893 the old established houses of Mellersh & Co., of Godalming, and of Wells, Hogge & Lindsell, of Baldock and elsewhere, were procured. These are by no means all the kindred institutions taken over, for, in 1901, the well-known and greatly respected firm of Lacon, Youell & Co.,

of Yarmouth and elsewhere, was purchased, as was also the splendid business of Moore & Robinson's Nottinghamshire Banking Company. The following year the sound little "Cornish Bank" was procured, and later the two coveted houses of Hammond, Plumptre, Hilton & Co. (of Canterbury), and Foster & Co. (of Cambridge, &c.).

It must, however, be borne in mind, that while the bank was thus rapidly extending its sphere of influence by judicious amalgamations and absorptions, it was at the same time rapidly catering for the needs of its customers by opening branches and offices in all directions. Although, of necessity the figures which appear in the published balance-sheet have naturally been greatly augmented by these many combinations of interests, it must at the same time not be forgotten that no little of the remarkable increase in the liabilities to the public on current and deposit accounts, and the bank's position to meet that liability is caused by the steady and continuous increase of a business, solidly founded, and well conducted.

The bank issues a balance-sheet annually, that for the 30th June last being as follows, the figures will speak for themselves:—



	<i>Liabilities.</i>	£	s.	d.
To Capital, viz:—				
150,000 Shares of £50 each, £10 paid...		1,500,000	0	0
„ Reserve Fund		900,000	0	0
„ Amount due on Current, Deposit and other Accounts		28,251,167	14	9
„ Acceptances covered by Cash or Securities		457,625	6	2
„ Endorsements on Foreign Bills negotiated		16,439	2	2
Net Profits	£322,604 4 8			
Jan. Dividend... £118,000 0 0				
Interest on New Shares 3,466 13 4				
July Dividend... 120,600 0 0				
Reduction on the cost of Premises 20,000 0 0				
Officers' Super-annuation ... 10,000 0 0				
	<hr/>	272,866	13	4
		<hr/>	49,737	11 4
		<hr/>	£31,174,969	14 5
			<hr/>	<hr/>
	<i>Assets.</i>	£	s.	d.
By Cash at Head Office, Branches, and Bank of England		4,558,908	9	5
„ Money at Call and Short Notice		3,057,472	12	9
„ Investments		5,278,230	19	10
„ Bills Discounted, Loans and other Accounts		16,933,421	16	9
„ Liability of Customers for Acceptances as per Contra... ..		457,625	6	2
„ Liability of Customers for Endorsements as per Contra		16,439	2	2
„ Banking Premises in London and Country		872,871	7	4
		<hr/>	£31,174,969	14 5
			<hr/>	<hr/>

CHAPTER V.

MESSRS. GLYN, MILLS, CURRIE & Co.

THIS is one of the largest banks in London, the amount and volume of its business being enormous. Probably a larger volume of business is transacted at 67 Lombard Street than at any other *single* institution in the country.

A very fair criterion as to the extent of the business of any of the banks which are members of the Bankers' Clearing House is the staff which it is necessary to keep at the House itself in order to carry through the daily transactions. There are not many of the London clearing banks employing a larger staff than Glyn's.

This firm sprung into existence about 1754—the exact date is uncertain—under the name of Vere, Glyn, Hallifax & Co. In 1770 the firm consisted of Sir Richard Glyn, Knt. and Bart., and Thomas Hallifax, and carried on business at 18 Birchin Lane. In 1789 business was conducted at 12 Birchin Lane, from which address in 1826 the bank was removed

to 67 Lombard Street, the premises which have ever since been occupied by the firm.

The following remarks by Mr. Hardcastle, written in 1842, anent this bank will be of interest: "Glyn's, in Lombard Street, is a complete contrast to that of Coutts. Here, in addition to a large portion of the accounts of the nobility and landed gentry, is the greatest number of commercial accounts in London, and here scenes of bustle and animation take place daily, of which it is not easy to convey an adequate idea. About three o'clock all is life, activity, and vigour; the place is a fair, and more like a great 'change than the Royal Exchange itself used to be. Though the bank is spacious, and the counters are packed with clerks as close as they can stand together, you may sometimes have to wait for twenty minutes before your turn to be served arrives. Such is the rush of business at Glyn's. Two mighty streams of money are constantly ebbing and flowing across the counters, and £500,000 is said to be no uncommon sum for the firm to settle at the Clearing House of an afternoon. In this respect Glyn's bank, more than any other, is characteristic of the age. The rapid progress of modern discoveries, the exploring genius, the

accumulated strength and ponderous force of the inventions and improvements of the nineteenth century, are all represented in this one bank, and not by any means to an equal extent in any other. The talent by which this great concentration of interests has been effected is of the highest order. It combines intelligence of the most vivid character and judgment of the keenest power. It draws even more largely upon mental than upon pecuniary resources, great as the latter unquestionably are, and is equally felicitous and original.

“Old Mr. Lefevre, one of the principal founders of Curries & Co.’s bank on Cornhill, and the father of the then Speaker of the House of Commons, illustrated his theory of banking one day in a significant manner. The customer in question was one of those men who find it very convenient to have bad memories. His account was almost always overdrawn, and whenever spoken to upon the subject his answer was the same, ‘He really had forgotten how it stood.’ At last Mr. Lefevre, who had watched his opportunity, caught him one day at the counter and said to him, ‘Mr. —, you and I must understand one another something better than we seem

to do. I am afraid you don't know what banking is; give me leave to tell you. It's my business to take care of your money; but I find you are always taking care of *mine*. Now that is not banking Mr. —, it must be the other way. I'm the banker, not you; you understand me now, Mr. —, I'm sure you do.' Mr. Lefevre, though a very silent and reserved character, was not without his vein of sly humour. One day he happened to have at dinner a great talker—one of those monstrous bores who *will* speak without ever saying anything worth listening to; who seem to think it an essential condition of existence that a man should never cease to hear the sound of his own voice, and who continue talking incessantly as if the hidden principle of perpetual motion lay in the tongue. After enduring this volume of sound—signifying nothing—for some time with exemplary patience, Mr. Lefevre, to the astonishment of the company, very quietly suppressed the nuisance by taking advantage of a short pause in his monopolylogue, and simply observing, 'You need not talk any more Mr. —, *if you don't like it.*'"

In 1851 the bank was Glyn, Mills & Co., which name it retained till 1864, when an amalgamation

was effected with the old house of Curries & Co., of Cornhill, from which date the name has been Glyn, Mills, Currie & Co.

The firm of Curries & Co., started in 1773 after the failure of Neale, James, Fordyce & Co., at 39 Cornhill, under the name of Mason, Currie, James & Yallowly. Yallowly was formerly a clerk in the employ of Neale, James, Fordyce & Co., and James, who appears as a partner in the one firm, was probably identical with the James of the other. Various changes took place in the firm, till in 1814 it was known as Curries, Raikes & Co. In 1827 the title was changed to Currie & Co., and fifteen years later an amalgamation took place between this house and that of Dorrien & Co., of Finch Lane. In 1864, as already stated, Curries & Co. and Glyn, Mills & Co. amalgamated. The firm of Dorriens & Co. was established in Finch Lane so far back as 1770 under the name of Dorriens, Ruckers & Carleton.

It has already been mentioned that Curries & Co. started business after the failure of Neale, James, Fordyce & Co. Of this latter firm Fordyce, its head, was originally only a clerk. He—at one time an Aberdeen hosier—when employed by the banking

house. showed so much aptitude and ability that he was soon elected as a partner, the house then being known as Roffrey, Neale & James, but the spirit of speculation took possession of him, and meeting with success he soon made use of his partners' funds as well as his own. Success attended all his efforts, he on one occasion making £100,000 by a single stroke. He bought an estate, married a lady of title, and contributed liberally to all sorts of charitable institutions. His partners were proud of the ability of their colleague.

But, as is usual, success of that kind cannot continue for ever, and sooner or later a check comes. Fordyce proved no exception to this rule. A speculation into which he had entered turned out disastrously, and he lost £100,000 over it. Other losses followed, and the guardian spirit, which hitherto had assisted him, apparently completely changed its tactics, and lured him to his ruin. Failure after failure—and heavy ones, too—compelled him to draw more and more on the resources of the firm. His co-partners became frightened and expostulated, but all to no purpose. His plans were keen and well laid as ever, but circumstances appeared leagued against

him. In spite of the continued run of ill-luck he kept cool, calm, collected, dignified, as in his palmiest days.

But it was impossible that he could long sustain the enormous strain upon him, and one day he was not at his post at the banking house. His partners were greatly concerned, as the affairs were in a most unsatisfactory condition, and became alarmed at his continued absence. Soon the bank stopped payment. A great consternation and much indignation was the consequence, in the midst of which Fordyce returned. He made a confession which entirely exonerated his partners from all blame; he stated that he alone was the guilty party.

The stoppage of the house had a wide and disastrous effect. Many other houses had to suspend payment, amongst others were Glyn & Hallifax, but they resumed in a few days. It is said that Drummond's were only saved by General Smith, who advanced them £150,000. Two city gentlemen, ruined by the stoppage, shot themselves.

It is due to Fordyce to say that when he found the close corner into which his speculations were driving him he made the most strenuous efforts to bolster up the house which was tottering to its fall.

There is a good tale told of one person to whom he made application. He went one day to a Quaker and applied for assistance, putting his case, no doubt, in a very strong light. The Quaker listened attentively, and then remarked, "Friend Fordyce, I have known many men ruined by two dice, but I will not be ruined by four dice."

Glyn, Mills, Currie & Co. were the first of the private banks to adopt the joint-stock system of issuing balance-sheets. The business has been built up by a series of very able men, such as the first Lord Wolverton, Mr. G. Carr Glyn (chairman of the London & North-Western Railway), Mr. Charles Mills (afterwards Sir Charles Mills, a wealthy West Indian merchant), Sir Charles Mills, the first Lord Hillingdon, the Hon. Pascoe C. Glyn (chairman of the London & Brazilian Bank), Mr. B. W. Currie (son of Raikes Currie, formerly M.P. for Northampton and member of the Indian Council, who was the first person applied to by the Bank of England over the Baring crisis).

The following extract from a book published in 1842 will doubtless be of interest*: "Attempts have

* "Banks and Bankers," by Daniel Hardcastle, jun.

been made to emulate this unexampled fortune, but they have proved abortive. The persons who made them have not been at all equal to the aspiration; they have been deficient in the knowledge of their own business as much as in knowledge of mankind, without which there can be no good or safe banking, and have exhibited sad examples of rashness and credulity, improvidence and culpability. Some have formed branch mercantile firms and embarked in the tea trade, some in the East India, and some in the American trades, while a still greater number have involved themselves in the favourite speculations of their customers, until house after house have shared the common reverses of commerce, and suffered the fate of the various adventures, which, after first running them to a dead lock-up, have forced them to succumb in poverty and disgrace to one or other of the repeated shocks by which the credit of the mercantile and manufacturing interests of Great Britain have been of late years so disastrously assailed. No faults of this kind appear to have been committed at Glyn's Bank, the partners of which, taking admirable advantage of circumstances, have turned the spirit of the age largely to their profit, without violating the established principles of sound and legitimate banking.

“If there were half-a-dozen houses in London such as Glyn’s, one would be inclined to contend that private banking has not yet reached the climax of its prosperity. But, seeing as we do, that every year diminishes the number of private banks in London and in the country; that, on the other hand, joint-stock banks are everywhere on the increase, while not a single new private co-partnership in banking is now formed; it seems but reasonable to believe that the general law of change which applies to everything in this world, and those alterations in maturity and decay which occur in all that nature creates or the art of man produces, will, ere long, work the ordinary effects in banking also. If so, we are in a state of transition as to banking, and the results will be not the less decided and complete because it will be neither precipitate nor unexpected.”

In his very interesting book “The Signs of Old Lombard Street,” Mr. Hilton Price, referring to the premises of this bank, says: “No. 67. This house was supposed to occupy the site of ‘The Anchor,’ but which ‘Anchor,’ whether ‘The Anchor and Three Crowns’ or ‘The Blew Anchor’ we cannot tell; but Messrs. Glyn, Mills, Currie & Co. possess a tradition

that the house was 'The Anchor,' therefore there is little doubt about it. This house has not much history. In 1801 Messrs. Bowles, Brown & Co., bankers, occupied it for a few years, and in 1827 Messrs. Glyn, Mills & Co. took the house, having moved out of Birchin Lane. No. 67 was the residence of Sir Martin Bowes, who died in 1566, seized of 'The White Lion,' in the parish of St. Mary Woolnoth, Lombard Street, leaving it to his son Thomas by will. It has always been supposed that Sir Martin left this house to the Goldsmiths' Company; it is quite certain that it belongs to them, and has done so since 1610. This is the second time Messrs. Glyn & Co. had premises in Lombard Street. They now occupy a very large block from Birchin Lane on the east to Change Alley on the west, comprising Nos. 63 to 67, and all the houses in the rear to Change Alley on the north."

In his "Handbook of London Bankers," Mr. Hilton Price says: "This firm, which has the reputation of having a larger business than any private banking house in the city of London, appears to have commenced in Lombard Street (so far as can be told by 'The Little London Directory') between the

years 1740 to 1754, the precise date being difficult to ascertain in consequence of no list of bankers being forthcoming for the interval between those two dates. The style of the firm in 1754 was Vere, Glyn, & Hallifax. There is little doubt that the firms of Vere, Glyn & Co. and Vere, Asgill & Co. had a common origin, and were started by Mr. Joseph Vere, and that between 1752 and 1754 a dissolution took place in the partnership, as we find upon a cash note of Messrs. Samuel Child & Co., of September, 1752, the following endorsement: 'J. Meredith, witness, T. Huck, for Messrs. Vere, Asgill & Co.'; and upon a similar note of Child & Backwell's in February, 1754, 'Robert Carr, witness T. Huck, for Messrs. Vere, Glyn & Co.'"

The latter firm moved to Birchin Lane, whereas Asgill & Co. remained in Lombard Street. In 1754, Henry Milton witnessed signatures for the firm, and he was subsequently admitted into the partnership. In 1770, their house in Birchin Lane was numbered 18, and the firm consisted of Sir Richard Glyn, knight and baronet, M.P. for the City of London, Alderman of Dowgate Ward, and a colonel in the City Militia; and Thomas Hallifax, who was Alderman

of Aldersgate Ward. About 1773 Sir Richard Glyn retired, and Sir Thomas Hallifax became the head of the firm, and admitted three partners, the firm in that year consisting of Sir Thomas Hallifax, Mills, R. C. Glyn & Milton. The next change to be noted was in 1777, when Mr. Charles Mills came into the firm as fourth partner. In 1783 or 1784 Mr. Mills, senior's name disappeared from the firm, which became Sir Thomas Hallifax, Richard Carr Glyn, Charles Mills & Henry Milton. In 1789 the name of Sir Thomas Hallifax is not seen, and the business was conducted at 12, Birchin Lane, by R. C. Glyn, Mills & Milton. About 1790, according to the "Directory," Richard Carr Glyn was knighted. In 1791 the firm was Glyn, Mills, Hallifax & Co., and it continued so until 1811, when the style of the firm became Glyn, Mills, Hallifax, Glyn & Co., so remaining until 1823, when another Mr. Mills came into it. In 1826 they moved to their present premises, No. 67, Lombard Street, which house belongs to the Goldsmiths' Company, having been left to them by Sir Martin Bowes, the eminent goldsmith, in the reign of Queen Elizabeth. The style of the firm was again altered in 1830 to Sir R. C. Glyn,

Hallifax, Mills & Co., consisting of Thomas Hallifax, Charles Mills, Sir Richard P. Glyn, Bart., George Carr Glyn, Thomas Hallifax, junr. and Edward Wheler Mills. In 1851 it became Glyn, Mills & Co., which it continued to be till 1864, when an amalgamation was effected with the old firm of Curries & Co., since which time the style of the firm has been Glyn, Mills, Currie & Co.

The balance-sheet, dated 31st January, 1904, showed as follows:—

THIRTY-NINTH STATEMENT OF ASSETS AND LIABILITIES.

31ST DECEMBER, 1904.

<i>Dr.</i>	<i>Liabilities.</i>	£	s.	d.
To Capital Paid up	1,000,000	0	0
„ Reserve Fund...	500,000	0	0
„ Current Accounts	10,357,136	8	5
„ Deposit Accounts	3,454,556	10	7
„ Reserve for Premises	60,000	0	0

Memorandum.

Liabilities on Account of Acceptances, Endorsements, &c. (covered by Securities), not included in Balance-sheet:—

£1,434,255 12 11

£15,371,692 19 0

<i>Cr.</i>	<i>Assets.</i>	£	s.	d.
<i>By</i> Cash in Hand and at Bank of England		1,791,212	6	5
„ Money at Call and at Short Notice ...		4,346,545	2	0
„ Investments :—				
„ Two and a-half per cent. Consols and Exchequer Bonds...	1,500,000	0	0	
„ Securities of, or guaranteed by the British Government	1,273,858	9	8	
„ Government of India and Colonial Government Securities	64,740	0	0	
	<hr/>	2,838,598	9	8
„ Bills Discounted, Loans and other Securities		6,215,337	0	11
„ Bank Premises		180,000	0	0
		<hr/> <hr/>	£15,371,692	19 0

CHAPTER VI.

LLOYDS' BANK, LIMITED.

THE largest bank in the world! Such, in a few words, is a true definition of Lloyds' Bank. Of course in making such a sweeping assertion we entirely exclude those banks holding Government deposits. We take the various banking institutions with the Government balances, if any, deleted, and contend that Lloyds is the largest bank in the world. In comparatively few years it has attained this proud position, which can be mainly attributable to wise direction, careful forethought, admirable organization, and an immediate grasp of valuable opportunities which presented themselves for judicious amalgamations and absorptions. Lloyds' Bank represents a combination of all sorts of interests: it has been the pioneer of bank amalgamations and absorptions: it has out-distanced all its competitors and out-passed all its rivals. No opportunity of a really sound acquisition of business has been allowed to

slip: a hawk's eye seems to have been kept on all available chances, and these have been acted upon without a moment's delay.

When one glances back over past years one almost feels disposed to question whether the progress has not been too great, the amalgamations and absorptions too frequent, the rapid increase of business too rapid for the bank to adequately deal with it. But to all these doubts and fears the published audited balance-sheets give a most emphatic denial. The career of Lloyds has been one of uninterrupted progress. Of course, when banking business has been very bad, this institution, like the bulk of the others, has had to drop its dividend, but that is merely a matter of account. In prosperous years a large proportion of the profits have been added to the reserve fund, so that the shareholders in "lean" years are quite satisfied that their material interests are well looked after; with the result that there is now the substantial sum of £2,600,000 laying at the disposal of the directors for the purposes of the bank business or for the equalization of dividends. So far as we can see there has not been, from its inception till the present day, one single slip in the management of this now gigantic financial institution.

Let us go somewhat into its family history, for it is always interesting to most people to turn over old leaves. Although Lloyds' Bank, Limited, seems to many of us a comparatively recent institution it will not do to forget the fact that its origin dates back as far as 1764 or 1765. It was on the 20th April, one hundred years later, that Lloyds' Banking Company, Limited, was incorporated with a nominal capital of £2,000,000 divided into 40,000 shares of £50 each. The institution was formed by the amalgamation of two old private houses—Lloyds & Co. (better known as the Birmingham Old Bank) and Moilliet & Sons, who were also private bankers of Birmingham. The following extract from the original prospectus is well worth reading:—

“After allotting 12,000 shares to Messrs. Lloyds & Co. and Messrs. Moilliet & Sons, it is proposed to issue 12,500 at a premium of £5 each, and this, it is estimated, will raise a sum equal to the amount required to be paid for the purchase of the goodwill, so that the whole amount to be received for deposits, and subsequent calls may be used for the purposes of the bank. It is proposed that the

remaining 15,000 shares shall be reserved for issue at such premiums, at such times, and to such persons as the directors shall consider most conducive to the interests of the bank. The surplus premiums, if any, not required for the payment of the goodwill will be carried to the reserve fund, and it is intended that until such fund, arising from this source and from profits, shall amount to a sum equal to one-fifth of the paid-up capital no dividend shall be paid exceeding 10 per cent. per annum on the amount of paid-up capital."

It was arranged that a deposit of £5, in addition to the premium, should be paid on the shares issued, and that further calls on the shares should be £2 10s. each. Then comes a most important condition, which shows that from the very first the bank recognised the importance of holding a substantial amount of reserved capital—to meet all requirements, available in case of need—the paragraph continuing:—

"The aggregate calls will not exceed £12 10s. per share; the remaining £37 10s. is to be available for the ultimate security of the bank."

It has been by this wise prescience that a great deal of the latter success of Lloyds has been due.

No sooner had the bank started, and its principles were known and appreciated, than support came in from all sides. The intending customer knew full well that if Lloyds "took" his account he would be treated both fairly and well, that the reputation of the bank would most certainly reflect most materially on his credit, and that the authorities would always be most willing to meet him in a fair spirit. The reputation which Lloyds at once enjoyed has been continuously maintained, despite the changes which have taken place in the board of management. The motto of the bank, all through, seems to have been "Onward," and by judicious extensions, courtesy, and sound business arrangements they have had a continuous run of prosperity on the path of progress. And it must not be thought for a moment that the directorate have yet achieved the end of their ambition, for it is a common remark in the city, "What is Lloyds intending to do next?"

During the first year of its existence Lloyds absorbed the Wednesbury Old Bank (Messrs. F. & H. Williams) and when the first balance-sheet was issued the deposits

exceeded £1,000,000. It is more than probable that a copy of the first published balance-sheet may be of interest. Here it is:—

31ST DECEMBER, 1865.

	£	s.	d.
Capital Paid-up	143,415	0	0
Deposit, Current, and other Accounts ...	1,166,160	6	7
Reserve Fund	18,415	0	0
Profit and Loss	18,323	2	9
	<u>£1,346,313</u>	<u>9</u>	<u>4</u>

	£	s.	d.
Cash in Hand, at Bank of England, and at Agents	126,170	16	7
Bills of Exchange	655,435	0	2
Advances on Current Accounts, Loans on Stocks, Purchase Account, and other Securities	556,118	3	0
Bank Premises, Furniture, Fittings, &c. ...	8,054	0	0
Preliminary Expenses, less Amount written off	535	9	7
	<u>£1,346,313</u>	<u>9</u>	<u>4</u>

It was in 1866 that Lloyds first appeared as a power in the amalgamating world, and commanded the attention which has since been devoted to this great institution. It was in that year that the Warwick & Leamington Banking Company and the Stafford Old Bank (Stevenson, Salt & Co.) were taken

over—two old institutions with very wide-spread connections in their respective districts. In 1868 the business of Messrs. A. Bullin & Son (the Rugby Old Bank) was secured, and four years later terms of amalgamation were arranged with the Wolverhampton Old Bank (R. & W. F. Fryer). Two years afterwards Lloyds made a purchase of the Shropshire Banking Company. From that date the bank continued to increase the grip already held of the Midlands—the total of the current and deposit accounts exceeding five millions sterling. It was in 1879 that a purchase of the Coventry & Warwickshire Banking Company was made, and the following year the business of Beck & Co. (the Shrewsbury & Welshpool Old Bank) was secured. After these developments there came a lull in the tide of absorptions and amalgamations. The financial world was on the *qui vive*, as it was well known that Lloyds had not come to a full stop. All bankers were on the alert as to what the next surprise would be—in what direction would be the next spring. Year after year passed without any further developments, except that the total of the current and deposit accounts steadily and largely increased. Then, in 1884, came the

announcement that terms of amalgamation had been arranged with two of the best known private houses in Lombard Street—two of the old London landmarks—Barnett, Hoares & Co. and Bosanquet, Salt & Co.—the former of which was established in 1677, and the latter in 1796. Of each of these we shall say more towards the close of this chapter. The name of the large and growing institution was, on the 2nd April, 1889, altered to Lloyds, Barnetts & Bosanquets' Bank, Limited. It is a great mistake for any bank to have too long and cumbrous a title, and soon the directors of Lloyds recognising this, proposed a resolution, which was immediately adopted, that once more the name of the bank should be Lloyds' Bank, Limited, only.

But up to this period the amalgamations which Lloyds were destined to effect had scarcely begun. In 1888 the business of the private bankers, Pritchard, Gordon & Co. (of Broseley and Bridgnorth) was acquired, and the next year the Birmingham Joint-Stock Bank, Limited, and the Worcester City & County Banking Company, Limited, were absorbed.

The *entré* to the London Clearing House by the exceedingly judicious amalgamation with Barnett & Hoares

was then beginning to tell its own tale, and no banking official afterwards was in the least degree surprised at anything they heard about Lloyds.

In 1890 the bank secured, by purchase or absorption, the two century old private houses of Wilkins & Co. (founded in 1778), and Beechings & Co. (of Tunbridge Wells, Tonbridge, Hastings, &c.). Having thus got well established in the south of England the directors strengthened their position by purchasing the business of Cobb & Co. (of Margate)—a business established in 1785. The same year they procured the bank of Hart, Fellows & Co., of Nottingham (1808). It was in this year, too, that a very important private institution in the city of London was secured—that of Messrs. Praed & Co., of Fleet Street, one of the old firms of goldsmiths. Not content even with this splendid stroke, nor with the fact that the balance of current and deposit accounts now exceeded £21,000,000, Lloyds, in 1892, was fortunate enough to secure the business of the widely known old banking firm of Richard Twining & Co., of the Strand. During the same year the Bristol & West of England Bank was taken over, and by this judicious move Lloyds obtained a footing in Wales and the west

of England, hitherto not obtainable; and they have not been slow in making the most of it. This one step had given the bank forty fresh offices. The following year the business of Curteis, Pomfret & Co., of Rye, was secured, and soon after terms of arrangement were made for amalgamation with or absorption of Herries, Farquhar & Co., of St. James's Street,—the firm, one of the earlier partners, or founders, of which has been quite erroneously credited with the honour of being the inventor of circular notes, which, as a matter of fact were, it has been clearly proved, in current use in the flourishing days of Nineveh. This arrangement gave the bank a splendid west-end and aristocratic connection, and increased its reputation greatly.

In 1894 the business of Bromage & Co. (established 1819) the Old Bank, Monmouth, was absorbed. In 1895 Lloyds were very fortunate in securing the business of Paget & Co., of Leicester, a rich bank, remarkably well connected, which was founded in 1825. The absorption of Williams & Co., the Old Bank, Chester, strengthened the position still further in the north-west of England. As the bank had been established since 1792, it will be readily admitted

that its connection was considerable. During the same year a very discreet move in advance was made by the purchase of the County of Gloucester Bank, the many branches of which tended to foster the growth of the already extensive business of Lloyds in that district. In 1898 the tiny bank of Jenner & Co. was purchased, but in 1899 the more than century old private banking house of Stephen Blandy & Co., of Reading, was procured, and the same year terms of amalgamation were arranged with the wealthy Burton Union Bank, Ltd.

These amalgamations, however, were only a prelude to the next grand coup for which Lloyds were preparing. Much had already been done, much more had to be done; the financial world had been surprised before, now it was going to be far more startled, with such a shock as it had not experienced since the notice of the banks taken over by Barclay some years before. In the year 1900 it was announced that terms of amalgamation had been arranged with

Cunliffes, Brooks & Co., Manchester, &c. (established 1792),

Brooks & Co., London (established 1864).

William Williams, Brown & Co. Leeds (established 1813).

Brown, Janson & Co., London (established 1813).

Vivian, Kitson & Co., Torquay Bank (established 1832).

Liverpool Union Bank, Limited.

The importance of the acquisition of the first four in the above list will be readily recognised, but, perhaps, it may be that the purchase of Cunliffe Brooks, of Manchester, and the Liverpool Union Bank may have weighed heavier in the opinions of the banking world, since by procuring these two institutions Lloyds became a power to be reckoned with in the palatine county—a position the bank had not hitherto enjoyed.

After a lull of two years the exceptionally good business of Messrs. Pomfret, Burra & Co., *the* bank of Ashford, Kent, was secured, as was also the sound little connection of the Bucks & Oxon Bank, Limited.

In 1903 the directorate took an exceptionally wise step in securing the magnificent business of Hodgkin, Barnett & Co., of Newcastle-on-Tyne and elsewhere. It is true that this bank was only started in 1859, but in the troublous times through which the north of England has passed, it has made its mark, and has a history quite its own. The same year the

business of Grant, Maddison & Co., of Portsmouth, was secured.

The report of the directors for the year ended 31st December, 1904, presented to the shareholders at the forty-seventh ordinary general meeting, held in Birmingham on the 27th January, 1904, was as follows :—

“The available profit for the past year, including the amount brought forward, after payment of salaries, pensions, other charges and expenses, and the annual contribution of £4,000 to the Provident and Insurance Fund, and making full provision for rebate, bad debts and contingencies, is £764,315 3s. 9d. Out of this an interim dividend at the rate of $17\frac{1}{2}$ per cent. per annum, free of Income Tax, amounting to £310,450, was paid for the half-year ended the 30th day of June last; £30,000 has been written off the Bank Premises Account, and £33,653 15s. 0d. has been applied in payment of Income Tax on the dividends, etc. From the balance remaining, your directors recommend that a dividend of 15s. per share, being at the rate of $18\frac{1}{4}$ per cent. per annum for the past half-year, amounting to £332,625, be now declared, and that the balance, £57,586 8s. 9d., be carried

forward to the Profit and Loss Account of the present year. Mr. Edward Nettlefold, of Harborne Hall, Birmingham, has been elected to a seat on the Board in the place of the late Sir Thomas Salt, Bart. The directors who retire at this meeting are Messrs. Charles Edward Barnett, J. B. Close Brooks, and Augustus William Summers. They are all eligible, and offer themselves for re-election."

The balance-sheet for the year 1904 was as below:—

<i>Liabilities.</i>	£	s.	d.
Current, Deposit, and other Accounts, including Rebate of Bills and provision for Contingencies	56,163,714	16	10
Profit and Loss Balance, as per Account below	390,211	8	9
	<hr/>		
	56,553,926	5	7
Bills Accepted or Endorsed	3,569,124	3	5
Liabilities in respect of Customers' Loans to Brokers, fully secured... £48,500			
Capital Paid up, viz., 443,500 Shares of £50 each, £8 per Share paid	3,548,000	0	0
Reserve Fund	2,600,000	0	0
	<hr/>		
	£66,271,050	9	0
	<hr/>		

<i>Assets.</i>	£	s.	d.
Cash in hand and with the Bank of England	9,710,106	19	2
Cash at Call and Short Notice... ..	4,716,903	3	9
Bills of Exchange	6,996,079	11	6
Consols (at 85) and other British Government Securities	6,144,919	9	5
Indian and Colonial Government Securities, Corporation Stocks, English Railway De-benture and Preference Stocks, and other Investments	4,009,192	11	0
	<hr/>		
	31,577,201	14	10
Advances to Customers and other Securities...	29,586,941	15	6
Liabilities of Customers for Bills Accepted or Endorsed by the Company	3,569,124	3	5
Bank Premises (after appropriation from Profit, as below)	1,537,782	15	3
	<hr/>		
	£66,271,050	9	0
	<hr/> <hr/>		

BARNETT, HOARE & Co.

A few words as to this old house may be of interest. Mr. F. G. Hilton Price states that it probably was one of the oldest businesses in London. For many years the bank occupied the site of the premises then known as "The Black Horse," and it is interesting to note that during the last jubiliations in the city, the old houses displaying their signs, Lloyds flaunted their "Black Horse." From "The Little London Directory" for 1677 it appears that a goldsmith of the name of Humph. Stocks

was at "The Black Horse," in Lombard Street. "Now it appears from Pepys' Diary," says Mr. Price, "that Mr. Stokes, as he was pleased to call him, was in existence in his time, fully twelve years earlier. He was probably Samuel Pepys' own goldsmith, and it was with him most likely that he kept his private account. That he bought his plate, &c., of him is proved by the following extracts from the diary. The account Pepys kept with Alderman Backwall looks more like an official one than one of a private character. Under date 10th June, 1665, he writes: 'Seeing and saluting Mrs. Stokes, my little goldsmith's wife, in Paternoster Row, and there bespoken a silver chafing dish for warming plates.' Again, under date 2nd September, 1666, he writes: 'And among others I now saw my little goldsmith Stokes receiving some friend's goods, whose house itself was burned down the day after.'" In 1740 Mossrs. John Bland & Son were at "The Black Horse," but it was not till 1761 that the name of Barnett appeared for the first time, when the firm was known as Bland, Barnett & Co. Five years later the firm was known as Bland & Barnett. In 1770 the sign

of "The Black Horse" became known as 66 Lombard Street, and about 1772-3 Mr. Samuel Hoare entered the firm as a partner. In 1790 Mr. Barnett, junr., was introduced to the firm, which was then known as Barnett, Hoare, Hill & Barnett. Mr. Hill became a partner in 1780, but the list of 1808 shows that then he had left the firm. In 1826 the title of the bank was altered to Barnett, Hoare & Co., and remained so till 1864, when an amalgamation was effected with Hanbury, Lloyds & Co., when it was again altered, this time to Barnetts, Hoares, Hanburys & Lloyd, the business being then conducted in both 60 and 62 Lombard Street. But very few changes took place till the union with Lloyds & Bosanquets in 1884.

MESSRS. BOSANQUET, SALT & Co.

This bank, to which reference has already been made in this chapter, was established as far back as 1800, when Mr. Bosanquet, who had been a member of the firm of Sir William Leman, Balles, Furley, Lubbock & Co. since 1785 left, and entering into partnership with Messrs. Beacheroff & Reeves, started a separate establishment at 78 Lombard Street, under

the title of Bosanquet, Beachcroft & Reeves. In 1810 the firm was entitled Bosanquet, Beachcroft, Pitt & Anderson. Seven years later the name of Beachcroft had disappeared, and that of Franks was added, the house then being known as Bosanquet, Pitt, Anderson & Franks. Mr. Whatman joined the bank in 1822, and we note that in the list of bankers for 1839 the name Pitt does not appear in connection with the firm. In 1843 Mr. S. Bosanquet died, and in the following year the firm was called Bosanquet & Franks. Mr. W. G. Whatman becoming partner in 1843 his name was added to the title of the firm. In 1855 Mr. Harman entered the firm, and eleven years subsequently Mr. Franks retired.

In 1868 an amalgamation was effected with the Stafford Bank—Messrs. Stevenson & Salt—an institution founded in 1737. In 1872 the title of the firm was Bosanquet, Salt, Whatman, Harman, Salt, Bosanquet & Whatman, but when Lloyds came to London in 1887 and took over this old house and that of Barnetts Hoares the name of the amalgamated banks was altered to Lloyds, Barnetts & Bosanquets' Bank, Limited, only to be curtailed at a later date, as already stated.

In "Wade's Chronology" there is a paragraph which probably refers to one of the partners of the firm of Bosanquet & Co.:—

"On the 4th April, 1798, Messrs. Mellish, Bosanquet & Pole, merchants of the city, were stopped by three highwaymen on Hounslow Heath. After robbing them, without resistance, of their money and watches, one of the robbers wantonly fired into the chaise and mortally wounded Mr. Mellish."

CHAPTER VII.

THE LONDON & COUNTY BANKING COMPANY, LIMITED.

IT WAS not long after the establishment of the London & Westminster Bank—only two years—when there was founded the Surrey, Kent & Sussex Banking Company, which, in 1836, started business in High Street, Southwark. The principle inculcated by Mr. Gilbart had taken root, with the result that many were disposed to adopt it as their own. Every year showed that Mr. Gilbart had hit on the right idea, catering for the small tradesmen, the middle class, as opposed to the rule that then obtained of allowing only the well to do and wealthy to have the privilege of “keeping a banker.”

When the London & County first started business as stated above the competition with and opposition from the private bankers was exceedingly keen, and so far as the latter were concerned, virulent. The private bankers considered the new joint-stock banks as interlopers founded and carried on with a view of ruining or seducing the business which had been

in their hands for centuries. This had to be stopped at any cost, every possible obstacle must be thrust in the way; under no circumstances whatever could joint-stock banks be allowed to get a footing in the metropolis. Still more, every influence possible must be brought to bear to prevent these "new fangled" so called banks from entering the sacred precincts of the Clearing House. Would these new institutions accept as a customer a man who could only keep as a balance of his current account £50, £25, or £20? Then, that being so, they had no right to call themselves bankers; the whole fabric of existing banking traditions must fall! And yet, strange to say, these new institutions not only flourished apparently, but increased in number. Not content with one office they opened branches, and what was still worse they seemed to be constantly increasing their business.

But the strenuous opposition of the private bankers was of no avail. The joint-stock banks had "come to stay," and not all the concentrated energy of the descendants of the goldsmiths, backed by the envenomed jealousy of the Old Lady of Threadneedle Street, could stop their progress. There had been a revolution, and a successful one, too.

When the Surrey, Kent & Sussex Banking Company was formed it was prepared to fight for its rights—and did so. There was no intention on the part of the directors to allow themselves to be quietly crushed out of the running. That this was their view is abundantly proved from the following excerpt from a report which appeared in the very early days of the bank:—

“It (the bank) offers to individuals the opportunity of becoming their own bankers. As shareholders they participate in the profits of their accounts. If they require accommodation, a part of the consideration they pay for it returns to them. If they deposit, the amount is doubly fruitful. First, they receive from the bank interest on the sum deposited; and, secondly, they share in the profit which the bank itself makes by the use of their investments. In a word, private individuals, instead of giving the profit of their accounts to private bankers, by becoming shareholders in this and other joint-stock banks divide it among themselves.”

There was the gauntlet thrown down. The London & County practically challenged the private

bankers to do their worst. They were quite prepared to stand or fall by their principles; they made an offer to the public which no private bank could do, and at the same time it became well known that the London & County were as willing to accept small accounts as large ones. And that is the whole essence of the principle of joint-stock banking.

In 1837 the head office was removed to 71 Lombard Street, and in 1841 the business of Hector Lacey & Co., of Petersfield, and that of Emmer-son & Co., of Sandwich, were taken over. Almost immediately after the bank was opened for business, branches were established at Brighton, Maidstone, Canterbury, Sevenoaks, Croydon, Tonbridge, Lewes, Tunbridge Wells and Woolwich. In 1842 the firm of Davenport, Walker & Co., of Oxford, and three years later that of J. Stovell, of Petworth, were absorbed. Thus it will be seen at quite an early date the London & County commenced to absorb other concerns, but; it must be noted, that the amalgamation mania has not affected them, for with the exception of two or three more fusions we shall mention directly, the bank has stood absolutely and

entirely on its own merits, and the phenomenal growth of its liabilities and resources is entirely due to genuine business.

In 1849 the business of Trapp, Halfhead & Co. was taken over, and in 1851 the Berks Union Bank was absorbed. In 1858 the London & County Bank purchased the business of the Western Bank of London, and their office in Hanover Square opened up a splendid business connection in that direction. In 1860 Messrs. Robert Davies & Co., an old firm of private bankers in Shoreditch, was absorbed, and through this the London & County got their foot firmly fixed in the east end of London, and we are sure that most people know that the Shoreditch establishment is one of the most important branches the bank has. When the business of Messrs. Nunn & Co. was purchased in 1870 the Manningtree branch of the bank was started. From then till now no amalgamations or absorptions of any importance have taken place, and the whole attention of the directors has been devoted to the consolidation and development of their business. That they have succeeded in this laudable programme none can deny since the balance-sheets speak for themselves.

It may be of interest to compare the following figures taken from the balance-sheets:—

CURRENT AND DEPOSIT ACCOUNTS AND ACCEPTANCES.

31st Dec., 1837	...	£84,741	
1839	...	£351,000	(app.)
1852	...	£3,281,000	„
1864	...	£12,250,000	„
1872	...	£21,250,000	„
1884	...	£30,500,000	„
1903	...	£45,300,000	„
1904	...	£46,161,224	„

Surely the London & County have reason to be proud of their record! Like the London & Westminster the career of this bank has been one of continuous prosperity; the directors have endeavoured to meet the “people” and the “people” have appreciated and reciprocated the endeavour, with the consequent result that the bank is to-day, as it has been for many years, one of the most popular in the country.

There was one very important point which was in the earliest days of the career of the bank seized upon and followed up by the then directors, viz., that banking facilities were not needed by Londoners only,

but that those in the suburbs had equal claims on the accommodation which a good bank could afford. Hence it was that the plan was adopted of opening up branch establishments in all the leading suburbs and those which showed signs of a later development, and in the home counties. The experiment proved eminently successful, so much so that there are few towns of any importance in the home counties, and few districts in the suburbs where a branch of the London & County Bank is not to be found. And when one is wandering through a strange town it is not a matter of much difficulty to distinguish which is the bank, since the board of the London & County make a point of having their buildings built both for utility and effect. There is nothing gaudy about them: everything looks, and is, good, solid, substantial. The buildings are an ornament to the district in which they are erected.

With regard to the capital, which in 1837 amounted to £23,720, this important item has been frequently increased. By 1849, perhaps by the payments on shares allotted, it stood at £200,000. In 1857 this item was represented by £500,000. Four years later the bank issued 5,000 new shares, and in 1866,

a further issue of 12,500 shares was made. In 1883, the paid-up capital amounted to £2,000,000, at which figure it has since remained. During the whole period of its existence a very careful eye has been kept on the reserve fund, which was gradually increased, till in 1855 it reached more than £100,000; but by 1864, by steady accretions, this very important total stood at £240,675. When, as already stated, the capital of the bank was increased in 1869 to £1,000,000, the reserve fund was raised to £500,000, and, when the capital amounted to £2,000,000, the reserve fund was made up to half that amount. Whenever new capital was issued at a premium the reserve fund benefitted by the premium. Not content with this, for a long time past the directors have adopted a very wise policy—whenever the profits permitted they have allocated to the reserve fund substantial amounts, till to-day it is represented by no less than £1,350,000.

And here we would remark that in addition to increasing the reserve fund the directors have consistently written down the value of their investments. Whether they set the example to or followed the other banks we are not in a position to say, but

that the plan is an excellent one is absolutely unquestionable.

Looking at the last published balance-sheet again for a moment, we have no hesitation in saying that, taken at current market prices, the securities held as investments would not only realize the figure at which they are set down, but leave a surplus which would form a substantial second reserve fund. The same may be said with regard to the premises, which appear on the balance-sheet of the 31st December last as £784,207. Anyone connected or acquainted with London who knows the head office of the County—apart from its adjuncts—is perfectly well aware that that site alone is worth quite, if not more, than that amount. Then, too, it must not be forgotten that above and beyond the Lombard Street premises the London & County have some 200 other offices situated in all parts of the southern district of England. The value of these alone must be enormous, and yet we, the public, are informed by the printed statement of figures “Bank Premises in London and Country, with Fixtures, Fittings, &c., £784,207”! Here again the bank holds a splendid third reserve fund.

Carefully directed, splendidly organised, remarkably well managed, the London & County has made its mark on the pages of banking history, and there is no doubt that for many a long day to come it will continue to hold the proud position of being one of the leading banks in the United Kingdom, and one of those most respected in the civilized world. The balance-sheet, as below, for the half-year ended 31st December, 1904, will speak for itself:—

BALANCE-SHEET OF THE LONDON & COUNTY BANKING COMPANY,
LIMITED.

31ST DECEMBER, 1904.

<i>Dr.</i>	£	s. d.	£	s. d.
To Capital subscribed £8,000,000				
Paid-up			2,000,000	0 0
„ Reserve Fund			1,350,000	0 0
„ Due by the Bank on Current Accounts, on Deposit Ac- counts, with Interest ac- crued, Circular Notes, &c.			44,394,484	11 8
„ Liabilities on Acceptances, covered by Cash, or Securi- ties or Bankers' Guarantees			1,766,740	5 6
„ Rebate on Bills not due, carried to next Account...			27,434	10 0
„ Net Profit for the half-year, after making provision for Bad and Doubtful Debts	277,525	6 5		
„ Transferred to Premises' Account	25,000	0 0		
	252,525	6 5		
„ Carried to Reserve Fund ...	50,000	0 0		
	202,525	6 5		
„ Profit and Loss Balance brought from last Account	63,865	14 10		
			266,391	1 3
			£49,805,050	8 5

Cr.	£	s.	d.	£	s.	d.
By Cash at the Head Office and Branches, and with Bank of England	8,009,826	9	9			
„ Loans at Call and at Notice, covered by Securities	3,212,419	16	5			
				11,222,246	6	2
„ Investments, viz. :—						
„ Consols registered and in Certificates, New 2½ per Cents., and National War Loan (£6,894,491 7s. 11d., of which £365,150 0s. 0d. Consols is lodged for Public Accounts); Canada 4 per Cent. Bonds, and Egyptian 3 per Cent. Bonds, Guaranteed by the British Government	6,665,136	18	9			
„ India Government Stock and India Government Guaranteed Railway Stocks and Debentures	1,023,238	18	8			
„ Metropolitan and other Corporation Stocks, Debenture Bonds, English Railway Debenture Stock and Colonial Bonds	1,694,882	8	5			
„ Other Securities	13,194	13	5			
				9,396,452	19	3
„ Discounted Bills Current ...	8,835,329	2	11			
„ Advances to Customers at the Head Office and Branches	17,800,073	19	3			
				26,635,403	2	2
„ Liabilities of Customers for Drafts accepted by the Bank (as per Contra)				1,766,740	5	6
„ Bank Premises in London and Country, with Fixtures and Fittings... ..				784,207	15	4
				£49,805,050	8	5

CHAPTER VIII.

THE LONDON & SOUTH-WESTERN BANK.

THIS bank is one whose history is of peculiar interest since its progress has been due solely and entirely to a steady increase of business, and the growth of its figures has been due absolutely to public appreciation, and by no means to amalgamations or absorptions. It is, as the name implies, a bank catering for London and the south-west. Like the London & County, the National Provincial, and the London & Provincial, the South-Western has watched the needs of the suburbs of the metropolis and done all that lay in its power to supply them. Its efforts have been thoroughly appreciated, the fine buildings erected are ornaments to the various districts, the officers employed are always courteous and obliging, the reports issued half-yearly are uniformly satisfactory, the audited balance-sheets shew a continuous progress, its reputation is increasing year by year, the directors and managers are ever on the alert for new opportunities of extending their business, shareholders and customers alike

are more than satisfied with the manner in which the business of the bank is conducted, not only at the head office, but also at every one of the branches—no matter how small they may be; so it is fair to assume that the bank has before it a long career of honourable progress and success.

Such in a few words is a synopsis of the history of the London & South-Western Bank. No institution in the country has more carefully disseminated its influence than has the South-Western.

The institution was established in 1862, and at that date there was no bank on the one side of the Thames from the "Elephant and Castle" to Croydon, and on the other from New Road (now Euston Road) to Watford and St. Albans. The South-Western can unquestionably claim to be the pioneers of suburban banking, and the fact that so many of the large banks have since followed the example thus set shows that the principle was a sound one, worthy of imitation. Take all the suburbs of London, even the comparatively new ones, and if there be any banking accommodation you are pretty well sure to see the London & South-Western on the scene. The management have all along exercised a great amount of foresight: they

have not waited till a new district was fully developed, but they have gauged the probabilities and opened a branch, so that as the district grew the bank could grow with it. Possibly, in the first instance there might not be anything like sufficient business to "keep" the branch, but the directors would be assured that the profits in the near future would more than recompense them for the original outlay, and we feel confident that in every instance their expectations have been amply realised. At the end of the year 1903 the bank had no less than 119 branches in London and the suburbs, and 25 in the country, in addition to which there were also five sub-branches.

As already stated the bank was founded in 1862, but business was not started till 1st July of the following year, the head office being established in Regent Street. Shortly afterwards branches were opened in Camden Town and Bristol. In 1865 the head office was removed to 29 Lombard Street, and in 1871 to 7 Fenchurch Street. In 1888 a site was procured on the opposite side of the street, and the present magnificent building was erected, with the main entrance in Fenchurch Street, but a second, minor entrance in Gracechurch Street. The present head

office is splendidly fitted up, and commensurate, as it should be, with the importance of the business of the bank. While speaking of the head office we would repeat our previous statement that the bank now possesses considerably more than 150 branches—some freehold, some leasehold—and in the balance-sheet for 31st December last we find the item, “Bank freehold and leasehold premises, furniture and fittings, £524,637 14s. 4d.” There can be no question that the large number of splendid buildings owned by the South-Western, occupying, as most of them do, most prominent positions, are worth, in the aggregate, much more than the amount which appears in the published statement. And when one adds the important position occupied by the head office, and the great intrinsic value of the site, one is driven to the conclusion that apart entirely from the amount specified as standing to the credit of the reserve fund, there is held a very large and very substantial second reserve in the difference between the published and hammer price of the buildings and furniture.

The paid-up capital of the bank when the first balance-sheet was published was £58,125, but this was from time to time increased by the issue of new

shares, until in 1877 it stood at £200,000, divided into 10,000 shares of £100 each, with £20 paid. The heavy remaining liability seemed to debar many would-be investors from taking up an interest in the company. So an extraordinary meeting of the shareholders was called and the matter placed clearly before them—this was in May, 1883—when it was unanimously resolved to divide each share of £100 with £20 paid into two shares of £50, with £10 paid, it being understood that calls up to £10 per share would be made, as the business of the bank required increased capital. Thus the uncalled capital was reduced from four to two and a half times the amount paid up on each share. Four calls, each of £2 10s., were made in 1883, 1884, 1888, 1889, increasing the paid-up capital to £400,000. Next year it was decided to increase the subscribed capital, and 10,000 new £50 shares (£20 paid) were issued at a premium of £12 10s. per share. This brought the total paid-up capital to £600,000, and the premiums thus received added a handsome amount to the reserve fund. Since that date, as the exigencies of business demanded, fresh capital has been issued at varying premiums, and the latter have invariably been added

to the reserve fund, until now the authorised capital of the bank is £3,000,000, the subscribed £2,500,000, and the paid-up £975,000.

In the previous paragraph we have alluded to the reserve fund. The bank was opened in July, 1863, and the following year by the issue of new and unallotted shares, a profit of £14,500 was made, *and this was immediately assigned by the board as the nucleus of a reserve fund.* The plan was an excellent one, and the fund, once started, rapidly grew, year by year, substantial sums being allocated to it from the current profits. In 1890, 10,000 new shares were issued at a premium of £12 10s. per share: these were allotted to the then shareholders, the market price of the shares being at that time 39-40. And so on. Each time the bank subsequently issued new capital the reserve fund benefitted by the transaction, as with its increasing reputation the bank could command a higher price in the market. Again, we would repeat that the issue of new shares has been purely and solely for the purposes of an ever enlarging business, a constantly increasing demand for new branches—but in no instance for the purpose of buying up some other banking institution. With

this regular augmentation of the reserve fund, that important item now reaches the very substantial total of £950,000. While writing on this subject, we would call attention to another very important factor in the consideration and the stability of the bank. We allude to the "Investments." These are all of a very high character and appear on the balance-sheet at £3,872,344 15s. 4d. From time to time sums—frequently large sums of money, have been set aside from the profits of the bank to write down the figure at which these investments stood in the books, just in the same way as every half-year the directors have set and do set aside certain sums to decrease the book value of the "bank premises." A year ago, as everyone knows, consols, the premier security, fell heavily, and most of the banks in the country decided to write their holding down to somewhat nearer the market price. For some time past the consols held by the London & South-Western Bank had been recorded at a very safe figure, but realizing the importance of the situation, the directors made in their report for 31st December, 1903, the following announcement:—

"from this amount the directors have applied £44,782 11s. 5d. in writing down reserve fund consols to £85 per cent. . . ."

With other stocks also written down it is easy to see that here again the bank has another substantial reserve fund, the strength of which can only be discovered by calculation, and by information as to the figure at which the investments other than consols appear on the published statement.

We have not a copy of the first published balance-sheet before us, but we learn that in it the total of the current and deposit accounts appeared as £152,618—but these figures represented only the work of six months. Five years later the bank's liability to the public exceeded half-a-million pounds sterling. "Progress" was the word of the day, and so, in 1875 we find that the bank held in current and deposit accounts more than a million pounds. Seven years later the total of this most important item stood at £2,143,000. By 1886 the initial figure had been changed from 2 to 3, and in 1889 the directors with pardonable pride could note a further alteration—the 3 being changed to 4, and the deposits standing at £4,100,194. From that time the balance-sheets have invariably shown a steady and material increase, until to-day the liability of the bank on current and deposit accounts alone is represented by the large sum of nearly £14,000,000—and the star of the bank is still

in the ascendant, and, under the same skilful direction and management which has characterised its upward flight in the past, will continue so for many a generation to come—provided only it can steer clear of the amalgamating terrors so current just now.

With such a heavy liability to the public the thoughtful person at once asks “in what position does the bank stand to discharge it in cases of need?” A glance at the balance-sheet which we reproduce below will show:—

Dr.

Current and Deposit accounts ... £13,623,000

Cr.

Cash in hand and at Bank ... £1,778,000

Ditto at Call 971,000

Ditto Investments 3,872,000

That is to say, the cash in hand and at the Bank of England was equivalent to 13·05 per cent. of the liability, the money at call to 7·1, and the investments to 28·4 — together 48·5 per cent. — money immediately procurable and available.

In 1881 the bank established an officers' guarantee and provident fund, the directors undertaking to provide sufficient funds to pay compound interest at 5 per cent. on the balance of the amounts paid in by

the members of the staff, who contributed at the rate of 5 per cent. on their salaries. In this particular various alterations have been made, and the staff now enjoy a provident, a pension, a guarantee and a savings' bank fund, all of which are flourishing in a remarkable degree.

Before giving the copy of the last balance-sheet, it may be of interest to state that the premises, No. 7 Fenchurch Street, at one time the head office of the bank, were previously occupied by Messrs. Hankey & Co., and the following story, although not new, will bear repetition in this connection: "Late one evening in 1720, a carriage drove up to the door of Messrs. Hankey & Co.'s banking-house in Fenchurch Street. A demand to see a partner was responded to, and when the visitor had satisfied himself that he was in the presence of one of the firm, he handed him a packet carefully sealed, with a request that it might be placed aside till he called for it. The request was singular, but it was granted. A few days passed—a few weeks—a few months—but the stranger did not make his appearance: and after the third year had elapsed, the partners agreed to open the mysterious parcel in each other's presence. To their surprise it contained £30,000 in bank notes,

with a letter, which stated that the money was obtained in the South Sea Bubble. Directions were added as to its investment, and the interest, the letter said, was to be devoted to the relief of the poor."

STATEMENT OF ACCOUNTS OF THE LONDON & SOUTH-WESTERN BANK,
LIMITED.

BALANCE-SHEET—31ST DECEMBER, 1904.

<i>Dr.</i>	£	s.	d.	£	s.	d.
Current and Deposit Accounts	13,165,741	17	10			
Other Liabilities and Credit Accounts, including Out- standing Advices, Letters of Credit, and Circular Notes...	457,885	12	4	13,623,627	10	2
Acceptances				305	14	3
Capital Subscribed :— 50,000 Shares at £50 ..	2,500,000					
Paid-up :—40,000 Shares £20 per Share, and 10,000 New Shares £17 10s. per Share, making a total of				975,000	0	0
Reserve Fund (Invested in Consols as per Contra)				950,000	0	0
Rebate on Bills not due				6,059	14	1
Profit and Loss :—	£	s.	d.			
Balance brought from last Account	30,102	13	2			
Net profit for the half-year ended 31st December, 1903, after adding £2,500 to Staff Retirement and Benevolent Fund	88,451	11	9			
	118,554	4	11			
Writing down Reserve Fund Local Loans Stock to £ per cent.	3,159	17	11	115,396	7	0
				£15,670,389	5	6

<i>Cr.</i>	£	s.	d.	£	s.	d.
Cash in hand and at Bank of England	1,778,508	9	6			
Money at Call, and Short Notice... ..	971,465	0	0			
				2,749,973	9	6
Investments :—						
Consols and Securities of, or guaranteed by, the British Government (of which £343,500 is lodged for Public Accounts)... ..	1,170,584	16	11			
Reserve Fund :—						
Consols (2½ per cent.) £882,352 18s. 10d. @ £85	750,000	0	0			
Local Loans (3 per cent.) £210,526 6s. 4d. @ £95 ...	200,000	0	0			
				2,120,584	16	11
Indian Railway Guaranteed, Metropolitan and English Corporation, Bank of England and British Colonial Government Stocks	1,443,971	0	5			
British Railway Stocks and other Securities	307,788	18	0			
				3,872,344	15	4
Bills discounted :—						
(a) Three Months and under	815,412	12	7			
(b) Exceeding Three Months	106,166	5	5			
				921,578	18	0
Loans and Advances				7,317,261	8	8
Liability of Customers for Ac- ceptances, as per Contra ...				305	14	3
Bank Freehold and Leasehold Premises, Furniture and Fittings				524,637	14	4
Other Assets, including Out- standing Advices, Freehold and Leasehold Properties, and Stamps				284,287	5	5
				£15,670,389	5	6

CHAPTER IX.

THE LONDON & WESTMINSTER BANK.

THIS was the first joint-stock bank started in London, and though its position is one that could well be envied by any institution in the United Kingdom, there has been nothing particularly exciting in the whole of its long history. It was founded on the 10th March, 1834, with a paid-up capital of £50,000. By the original prospectus the capital was fixed at ten million pounds, divided into 100,000 shares of £100 each, "in order that the mercantile and trading community, and the public in general, may, by this extensive distribution of shares, acquire an interest in the prosperity of the establishment and participate in its advantages." It appears that, in spite of this inducement, the shares went off slowly. The venture was on quite new lines, and the result—failure or success—was entirely problematical. When the business was started under the management of

Mr. James Wm. Gilbert, at 38 Throgmorton Street, there were but 10,000 shares taken up. This, however, did not discourage the founders; they had started a business which they intended should "pay," and they were determined to make it do so. They had not long to wait. The same year (1834) a bill was brought into Parliament to authorise the London & Westminster Bank to sue, and be sued, in the names of their public officers, in the same way as those banks whose offices were more than sixty-five miles from London. Though this bill passed through the Commons it was rejected by the Lords, and consequently the bank adopted the plan of suing or being sued by trustees.

But although the bank had surmounted one difficulty others presented themselves, as is always the case with pioneers. The institution had a very up-hill battle to fight against the prejudices of the old established private bankers, who till then had enjoyed a monopoly of the banking business of the metropolis, but, worst of all, there was the envenomed jealousy of the Old Lady of Threadneedle Street. It was not long before she showed her teeth. Being probably ill at ease with a new rival, who promised to be

a very formidable one, she, in the early part of 1835, commenced proceedings to prevent the London & Westminster from accepting bills drawn at less than six months after date. Two years later the Master of the Rolls granted the necessary injunction, but the effect of this judicial mandate was speedily neutralized, and the Bank of England thwarted, by the action of the country bankers, who immediately commenced drawing on the London & Westminster *without acceptance*.

On the same day that the bank commenced operations in the city a branch was opened in Waterloo Place, Pall Mall, as the Westminster branch, and this was removed subsequently to St. James's Square. In January, 1836, branches were opened at 213 Holborn and 87 Whitechapel, and in February, at Wellington Street, Southwark. In June of the same year the directors decided to open a branch establishment in Oxford Street, to subsequently remove it to Stratford Place as their Marylebone branch. Thus it will be seen that the idea of the board was to cater for London generally, and it was speedily recognised by the then leading bankers that they must look carefully to their laurels; the old jog-trot days had passed

away, and a new era had commenced. Very quickly the bank became remarkably popular, and then attention was directed to other districts where accommodation was inadequate, or entirely absent. But it was not until 1855 that any decided move was made. In that year the well-known firm of Strachan, Paul & Bates failed, and this opportunity was seized by the London & Westminster to open their Temple Bar branch. It was in 1863 that the London & Middlesex bank stopped payment, and the directors, always on the alert for strengthening their business, founded the Lambeth branch. When Jones, Loyd & Co., an old established firm of private bankers, and neighbours of the London & Westminster, suspended payment in 1863, the latter bought their business and their premises. In 1881, a branch was opened in Brompton Square, South Kensington; in 1884, in Victoria Street, Westminster; in 1886, in Westbourne Grove, Bayswater, and one at Islington; in 1887, the Holborn Circus branch was started, and the Tottenham Court Road branch was opened. In 1890 the bank was represented at Hampstead and Oxford Street, while in the following year business was commenced in High Street, Kensington.

Since then when favourable opportunities arose the board have carefully and wisely opened branch establishments in all parts of the metropolis and the suburbs, and is now represented in the following districts:—

Balham Hill.	Lambeth.
Bayswater.	Marylebone (Stratford Place)
Belgravia.	Marylebone (West).
Bloomsbury.	Mincing Lane.
Bow Road.	Newington.
Brixton.	Old Street.
Cricklewood.	Oxford Street.
Ealing.	St. Mary Axe.
Eastern (Whitechapel).	St. Paul's.
Hammersmith.	Shepherd's Bush.
Hampstead.	South Kensington.
Herne Hill.	Southwark.
Holborn Circus.	Streatham Hill.
Hornsey.	Temple Bar.
Islington.	Tottenham Court Road.
Kensington.	Victoria Street, S.W.
Kilburn.	Wood Street, E.C.

With an establishment that has had a continued career of progress for a large number of years it is always of interest to look back on the history of its early days. In the first report issued, in 1834, by

the London & Westminster the following paragraphs occur:—

“The opposition of the private bankers was manifested at an early period by their refusal to permit any clerk to attend at the Clearing House on behalf of this bank. The Clearing House has been in existence for upwards of sixty years, and although founded in the first instance for the accommodation of such London bankers as chose to avail themselves of it, yet it has become entwined with the mode of settling accounts in several branches of business, and is, for all practical purposes, a public institution. The opposition of the Bank of England began by their refusal to grant to this company the common convenience of a drawing account, a convenience granted as a matter of course to every respectable firm who may choose to apply for it.

* * * * *

“The directors congratulate the proprietors that, notwithstanding all this opposition, they have not only been able to stem the torrent which, it must be evident, arose from private and not public considerations, but they have seen from the progressive advancement of business, that they occupy a more

favourable position in public opinion; and whether the ordinary power to sue and be sued be granted or not, whether the courtesies and facilities usual amongst all competitors be reciprocated or not, they entertain no doubt of the prosperity of this establishment, founded, as it is, upon liberal and broad principles, and upon a broad basis of security."

Thus the directors in 1834. How amply their anticipations have been realised the continued prosperity of the bank amply proves. We are quite sure that could the founders of the institution glance at the last balance-sheet they would be absolutely astounded at the figures there given. Little did Mr. J. W. Gilbert dream that he was laying the foundation of so mighty a financial system when he first advocated the opening of a joint-stock bank in London. He had grasped a great principle which has enormously developed, viz., that the aggregate of a number of small balances may be equivalent to a few large ones. The joint-stock system of banking enables the poor as well as the rich man to "keep his banker," and it is only necessary to look at the amounts of the cheques which daily pass through the House to thoroughly realise this.



And now let us look at the first balance-sheet of the London & Westminster.

A STATEMENT OF THE AFFAIRS OF THE BANK,
31ST DECEMBER, 1834.

<i>Dr.</i>	£	s.	d.
Due to the public in Lodgments, and Interest on Deposit Accounts	180,380	9	10
Due to proprietors for Paid-up Capital ...	182,255	0	0
Balance in favour of Bank	3,540	6	6
	<hr/>		
	£366,175 16 4		
	<hr/> <hr/>		
<i>Cr.</i>	£	s.	d.
Due to the Bank on account of Investment in Government Securities, Bills Discounted, &c., and Cash in hand	355,540	3	6
Preliminary Expenses	10,635	12	10
	<hr/>		
	£366,175 16 4		
	<hr/> <hr/>		

It will be seen that despite the difficulties to be encountered, the bank did very well during its first year of existence. The figures shown in the balance-sheet of to-day—seventy years later—show a striking contrast, the assets totalling more than thirty-two *million* pounds as compared with three hundred and sixty-six thousand pounds in 1834; while the amount “due to proprietors” for paid-up capital has increased from £182,255 to £2,800,000, with, in addition, a reserve fund of £1,400,000.

Similarly the profit and loss accounts are equally interesting. Thus for 1894 this appeared:—

<i>Dr.</i>	£	s.	d.
Total Current Expenditure from 10th March to 31st December	4,377	4	2
Interest due to the public on Deposit Receipts	521	1	8
Balance in favour of the Bank	3,540	6	6
	<u>£8,438</u>	<u>12</u>	<u>4</u>
<i>Cr.</i>	£	s.	d.
Balance of Interest Account	8,438	12	4

That for 1904, June to December only, is somewhat different!

<i>Dr.</i>	£	s.	d.
To Total Expenditure of the thirty-six Establishments, including Rent, Taxes, Salaries, Pension Fund, Life Insurance, Stationery, &c.	141,122	19	10
„ Payment of the Dividend now declared, at the rate of 6½ per Cent. for the half-year on the Paid-up Capital, £2,800,000	182,000	0	0
„ Balance of undivided Profit carried to next Account	18,714	15	11
	<u>£341,837</u>	<u>15</u>	<u>9</u>
<i>Cr.</i>	£	s.	d.
By Balance of undivided Profit, 31st December, 1902... ..	13,944	18	3
„ Gross Profits of the last half-year, after appropriating £3,000 towards the Buildings of the Bank, paying the Income-tax, and making provision for all bad and doubtful Debts... ..	327,892	17	6
	<u>£341,837</u>	<u>15</u>	<u>9</u>

One of the principles on which the bank has been conducted throughout has been to hold in cash and immediately convertible securities a large proportion of the amount of the liability to the public, and this may be one of the reasons, if not the reason, of its great success. Thus from the last balance-sheet we see that the current and deposit accounts stood at £27,155,212, and against this large total the bank held

Cash in hand and at Bank of England	£4,322,262
Money at Call and Short Notice	6,254,350
Government and other Securities	4,737,000
	<hr/>
Together	<u>£15,813,612</u>

The paid-up capital, which was £182,255 in 1834, was £597,255 in 1836, and had reached £800,000 in 1842. In 1849 it stood at £1,000,000, at which figure it remained until 1866, when new shares were issued, which, by 1869, had brought the paid-up capital to £2,000,000. Further shares were issued in 1880, and when these were paid the capital stood at the substantial figure of £2,800,000, at which it has since remained.

The reserve fund, which was £1,205 in 1834, was steadily increased year by year until in 1867 it stood at £500,000. Next year, by the addition of £500,000 premium on the issue of new shares, it was raised to £1,000,000, and now, by various additions, it has been raised to £1,400,000.

It would be difficult to find in London an office where the staff work more harmoniously together. The present building in Lothbury, which has frequently been enlarged and altered, is a veritable hive of industry. The business of the bank was transferred from 38 Throgmorton Street to these premises on 26th December, 1838.

CHAPTER X.

THE LONDON, CITY & MIDLAND BANK.

THIS important financial institution, like Lloyds, has a most interesting history, and has enjoyed a career of steady and unimpeded progress. It holds one of the highest positions in the whole of the banking world, and is well-known and highly thought of in every portion of the civilized world. Together with Parr's and Lloyds it is responsible for the absorption of a large number of private joint-stock banks.

The bank was established in Birmingham in August, 1836, incorporated in 1873, and registered as the Birmingham & Midland Bank, Limited, in 1880. The first office was in Union Street, Birmingham, but such was the success which attended it, and so rapidly did the business flow in, that it was soon found that the accommodation there was quite incommensurate with the requirements. Accordingly the directors acquired a site in New Street, on which they erected one of the most palatial banking premises to be found in the

United Kingdom. This building was opened for business in 1869, and even to-day, with all the improvements which have been effected in the capital of the Black Country, it still remains one of the finest and most substantial.

The Birmingham & Midland Bank started business in one office only, unlike some others to which we have already referred which opened a head office and branch offices at one and the same time. No branch was opened till 1851, when the business of Bate & Robbins, an old firm of private bankers at Stourbridge, was absorbed. Shortly afterwards, the private firm of Nicholls, Baker & Crane, of Bewdley, was acquired, this being a house nearly a century old with a splendid connection. In 1875 a branch was opened at Wednesbury, and seven years later one at Moseley Road, Birmingham. This was really the commencement of a system which the present bank has ever since assiduously and persistently followed—the opening of branches in all directions in every part of the country. This institution, perhaps more than any other, has recognised the vast importance of catering for the public convenience, that the small man has as much right to expect banking facilities as the big

merchant or financier. Consequently, it has opened up branches in almost every part of England and Wales, not even overlooking the Channel Islands. Given the necessity for a branch bank, or the probability of one opened in any district paying and the authorities of the London City & Midland Bank immediately make the necessary arrangements.

The first general manager was Mr. Charles Geach, at one time M.P. for Coventry. He having been offered a seat on the board, retired in 1847 in favour of Mr. Henry Edmunds, who also was made a director. His successor was Mr. Goode, who retired on a pension after forty-two years' service. Next came Mr. G. F. Bolding, who in 1887 retired, and was succeeded by Mr. J. A. Christie, who in 1871 had entered the bank as secretary. Mr. E. H. Holden, one of the best-known gentleman in the banking world, entered the service of the Birmingham & Midland in 1881, and six years later was appointed assistant manager. In 1891 he was appointed joint general manager with Mr. Christie. It was under the *régime* of these two gentlemen that the bank forged its way ahead so rapidly. Its progress was phenomenal. From a comparatively small institution it has grown to be the third largest

bank in the country. Mr. Holden was, and is, indefatigable and untiring in his efforts. All his interests and engeries are centred round the institution, which he must almost regard as a foster child.

Some idea of the enormous growth of this bank can be gathered from a glance at the following figures:—

	1836.	1904.
Capital paid-up...	£250,000	£3,000,000.

The first published balance-sheet was for the year 1879. Let us look at two or three of the main items there recorded, and compare them with those for 1904.

	1879.	1904.
Capital paid-up ...	£300,000	£3,000,000
Reserve Fund ...	210,000	3,000,000
Deposits ...	2,750,000	47,672,000

That is to say, in some twenty-five years alone the liability of the bank to the public has increased by nearly seventeen hundred per cent. But it must be remembered that as the liability to the public has increased so have the means to meet that liability. There are few, if any of the clearing banks that can show a higher proportion of assets to deposits. This will be seen by the balance-sheet we give below.

Of course everyone knows that the major portion of this tremendous augmentation is due in the main to

amalgamations and absorptions, and in this department of banking work the Midland, under the generalship of Mr. Holden, has been exceptionally fortunate. Every eligible bank, in any way obtainable, has been swallowed up. In 1883 the Union Bank of Birmingham, Limited, was taken over, and soon afterwards the Coventry Union Bank, the Leamington, Priors & Warwickshire Banking Company, and the Derby Commercial Bank, thus strengthening the position of the bank in the Midlands. Then an important move was made, by the absorption in 1890 of the Leeds & County Bank, and the Exchange & Discount Bank of Leeds. This established the Midland firmly in Yorkshire, as both these institutions were doing a large business and each had several branches.

All this time, however, Mr. Holden had been keeping his eagle eye on the metropolis—the Midland must not rest till it had a London office, a London connection, and a seat in the London Bankers' Clearing House. Each of these ends were attained the following year when it was announced that terms of amalgamation had been arranged with the Central Bank of London, Limited. This sound little institution was established in 1863, and at the time of the absorption had ten

branches, all radiating from the head office in Cornhill. But what was far more important it had the great privilege of a seat in "the House." The head office was then transferred from New Street, Birmingham, to Cornhill, London, the title of the bank was altered to the London & Midland Bank, Limited, and Mr. E. H. Holden was made joint general manager with Mr. J. A. Christie. Unquestionably this was the most important step the bank had taken up to that time. It was, however, only the prelude of what was to follow. The next ten years saw the Midland spreading like an octopus all over the kingdom. Within about a month after the absorption of the Central it was officially announced the business of the very old private bank of Messrs. Lacy, Hartland & Co., of Bermondsey and West Smithfield, had been purchased. Thus two more were added to the number of its London branches.

Then attention was given to the County Palatine, where the bank was not represented at all. The following year the opportunity presented itself, and the Manchester Joint-Stock Bank, Limited, with twelve branches in and around the city, was acquired.

In 1898 the Bank of Westmoreland, with branches at Kendal, Ambleside, Kirkby-Stephen, Sedbergh and Bowness was secured. From 1895 to 1897 the following banks were taken over: the Preston Banking Company, Limited, the Carlisle City & District Bank, Limited, the Channel Islands Bank, Limited, Huddersfield Banking Company, Limited, North-Western Bank, Limited, Oldham Joint-Stock Bank, Limited.

During this period numerous branches and sub-branches were opened, especially in the north and south of England, and in Wales—the bank having for many years been very strong in the principality.

In 1898 another grand coup was made, the financial world being startled at reading one morning an announcement that terms of amalgamation had been arranged with the City Bank, Limited, an institution which had a large and important city and foreign connection, and numerous branch offices in London. Then it was that the title of the bank was altered to the London, City & Midland Bank, Limited. Then, too, Mr. E. H. Holden was appointed managing director, and Mr. J. M. Madders, Mr. S. B. Murray and Mr. D. G. H. Pollock joint general managers.

The head office was transferred at the same time from Cornhill to Threadneedle Street.

Since then the Sheffield Banking Company, Limited, has been taken over.

With the constant increase of business, and with the many purchases, amalgamations, and absorptions the capital of the bank has been repeatedly increased, but it has been the invariable rule of the directors that on each fresh issue of capital there should be a proportionate increase of the reserve fund until, as we have already mentioned, they now each stand at £3,000,000.

The following is the report and statement of accounts submitted at the annual meeting, held in London in February last:—

“The directors have to report that the net profits for the half-year ending 31st December, 1904, after payment of all expenses and making provision for all bad and doubtful debts, amount to £291,896 2s. 7d., to which has been added the balance of £107,821 14s. 2d. brought forward from last account, making together a total sum of £399,717 16s. 9d., which the directors recommend shall be appropriated as follows:—

	£	s.	d.
“Dividends at the rate of 18 per cent. per annum for the half-year ending 31st December, 1904, free of Income Tax, payable 1st February next	270,000	0	0
“Bank Premises Redemption Fund...	20,000	0	0
“Balance to be carried forward to next account	109,717	16	9
	<hr/>		
	£399,717	16	9
	<hr/> <hr/>		

“It is with deep regret the Directors have to record the death of their esteemed colleague Sir Joseph Crosland.

“A Branch of the Bank will shortly be opened at Putney, S.W.”

BALANCE SHEET, 31ST DECEMBER, 1904.

<i>Cr.</i>	<i>Liabilities.</i>	£.	s.	d.
To Capital Paid up, viz.: £12 10s. per Share on 240,000 Shares of £60 each		3,000,000	0	0
„ Reserve Fund		3,000,000	0	0
„ Dividends payable on 1st February, 1905 ..		270,000	0	0
„ Balance of Profit and Loss Account, as below		109,717	16	9
		<hr/>		
		6,379,717	16	9
„ Current, Deposit and other Accounts...	..	47,672,355	12	9
„ Acceptance on account of Customers...	..	2,153,290	10	6
		<hr/>		
		£56,205,364	0	0
		<hr/> <hr/>		

<i>Dr.</i>	<i>Assets.</i>			
By Cash in hand and at Bank of England	£9,140,499	16	10	
„ Money at Call and at Short Notice	7,099,988	16	5	
				16,240,488 13 3
INVESTMENTS:				
Consols and other British Government Securities ..	£3,556,007	7	10	
(of which £372,000 Consols is lodged for Public Accounts)				
Stocks Guaranteed by the British Government, Indian Stocks, Indian Railway Guaranteed Stocks and De- bentures	1,005,781	15	0	
British Railway Debenture and Preference Stocks, British Corporation Stocks	1,977,591	6	7	
Colonial and Foreign Govern- ment Stocks and Bonds ...	465,812	12	1	
Sundry Investments ...	450,135	2	2	
				7,455,328 3 8
„ Bills of Exchange				4,324,889 14 3
				28,020,706 11 2
„ Advances on Current Accounts, Loans on Security and other Accounts				24,749,807 1 9
„ Liabilities of Customers for Acceptance, as per contra				2,153,290 10 6
„ Bank Premises, at Head Office and Branches				1,281,559 16 7
				£56,205,364 0 0

By the above figures it can be seen that at the close of 1904 the London, City & Midland Bank held no less than 49·6 of their liability to the public in liquid assets, thus: cash in hand, 19·1; cash at call and notice, 14·9; investments, 15·6.

THE CITY BANK.

A word or two about the City Bank. The charter of its incorporation was dated 20th July, 1855, and the bank commenced business in August of the same year. The paid-up capital was originally £150,000. This was increased from time to time, until at the date of the amalgamation it stood at £1,000,000. By the end of 1865 a reserve fund of £140,000 had been built up, but at the half-yearly meeting in July of the following year the chairman had the unpleasant task of informing the shareholders that bad debts were depending not in a state to be then definitely adjusted, but that £19,961 16s. 2d. had been written off the profits to meet them. The report for the December half of that year contained the following significant sentences:—

“Under the protracted depreciation of mercantile securities these debts have proved more serious than was at that time anticipated, and in order to entirely extinguish the loss the directors very much regret that it has been found necessary to trench materially on the reserve fund—a fund the primary object of which, under the deed of settlement, is to meet exigencies such as the present. The directors, however, feel confident, from the improved character and steady ex-

tension of this business, the surplus profits of the bank will enable them shortly to restore the reserve fund to its former amount."

On that occasion the reserve was depleted to the extent of £82,060 12s. 4d. The directors confidence was, however, well founded, since, by 1871, constant increments had once again brought this item up to £100,000; but the next year, "in consequence of recent failures," £85,000 had to be withdrawn to meet losses on bills. It must have been very gratifying to the board to report, at the close of 1875, that "£11,445 6s. had been recovered to that date from accounts previously provided for." This enabled them to vote £15,000 to be re-transferred to the reserve, and showed the wisdom of the policy under which the bank was directed. From that year until 1883, the reserve fund was steadily augmented, sometimes out of profits, sometimes by the issue of new shares, and the report for December, 1883, stated that "£20,000 from profits and £100,000 premium on 20,000 new shares issued," being transferred to reserve, brought it up to £500,000, at which figure it stood at the time of the amalgamation in 1898.

CHAPTER XI.

THE LONDON JOINT-STOCK BANK, LIMITED.

THIS bank was one of the first to follow the example set by the London & Westminster, the pioneers of all joint-stock banking in the metropolis. The original announcement of its existence contained the following statement as to the reason for its establishment, "for the purpose of enabling the inhabitants of the metropolitan districts to participate more extensively than they can at present in the advantages afforded by the new system of banking, by means of joint-stock establishments (the principles of which are proved to be in every respect as applicable to the metropolis as they are to provincial towns, where private banking establishments are rapidly growing into joint-stock banks) it has been resolved after deliberate consideration to form a joint-stock banking company, to be called 'The London Joint-Stock Bank,' with a capital of £3,000,000 divided into 60,000 shares of £50 each." Such was the original statement placed before the public, and it was well subscribed for, the

public having begun to appreciate the benefit of Mr. J. S. Gilbert's creation, the London & Westminster Bank. Temporary offices were taken at 29 Coleman Street, and the business commenced, some customers opening current, others deposit accounts. The company held out the inducement that £2 per cent. would be paid on current and £2½ per cent. on deposit accounts.

It will doubtless be of interest to glance at the first statement published by the Joint-Stock after its first year of work, and compare it with the last published one:—

LIABILITIES AND ASSETS, 20TH NOVEMBER, 1837.

<i>Dr.</i>	£	s.	d.
<i>To</i> Capital Paid-up, being £7 per share upon 31,080 shares	217,560	0	0
„ Amount due by the Bank, including money taken upon Security and their Acceptances at not less than six months' date	594,101	17	
„ Balance carried to Credit of Profit and Loss Account	19,553	3	8
	<hr/>		
	£831,215	1	0
	<hr/>		
<i>Cr.</i>	£	s.	d.
<i>By</i> Exchequer Bills	206,300	12	6
„ India Bonds	10,202	15	0
„ Bills Discounted, Loans to Customers, and Cash in Bank	590,521	19	9
„ Banking and Preliminary Expenses, a pro- portion of which will be annually written off	24,189	13	9
	<hr/>		
	£831,215	1	0
	<hr/>		

Such were the figures in 1837. Sixty-seven years afterwards, namely at the close of 1894, they were as follows:—

31ST DECEMBER, 1904.				
<i>Liabilities.</i>		£	s.	d.
To	Capital Paid up, viz., 120,000 Shares at £15 per Share... ..	1,800,000	0	0
,,	Amount of the Guarantee Fund... ..	1,140,000	0	0
,,	Amount due by the Bank on Current Accounts, Deposit Receipts, Circular Notes, &c.	16,351,268	12	0
,,	Acceptances	1,199,155	2	3
,,	Rebate of Interest on Bills Discounted, not yet due, carried to New Account...	19,255	12	6
,,	Amount of Net Profit for the half-year ended 31st December, including £22,746 9s. 2d. balance of Profit and Loss Account, 30th June, 1904	£124,012	2	10
	Less transferred to Super-annuation Allowance Account	5,600	0	0
		<hr/>	119,012	2 10
		<hr/>	£20,628,691	9 7
		<hr/>		
<i>Assets.</i>		£	s.	d.
By	Government Stock, viz., £1,500,000 Consols taken at 85	1,275,000	0	0
,,	Other British Government Securities ...	1,114,873	15	0
,,	Indian, Colonial Government, and other Securities	1,189,584	15	2
,,	To Securities lodged with Public Bodies	16,987	10	0
,,	Cash in Hand and at the Bank of England	2,342,934	13	8
,,	Money at Call and at Short Notice ...	4,575,752	0	0
,,	Bills Discounted, Loans and other Securities	8,480,635	1	8
,,	Liabilities of Customers for Acceptances as per contra	1,199,155	2	3
,,	Freehold and Leasehold Premises... ..	433,768	11	10
		<hr/>	£20,628,691	9 7
		<hr/>		

So far as the capital is concerned, a second issue was made in 1840, by which the amount paid up was increased to £445,120. The following year 14,466 further shares were issued, and in 1865, by a further issue the paid-up capital was raised to £1,080,000. By 1868 it had been increased to £1,200,000, and in 1884 it was further augmented by £600,000, thus bringing that important item to its present amount—£1,800,000.

Similarly the reserve, or guarantee fund, which was founded in 1837 by the appropriation of the surplus profits—£2,932. Until the year 1842 it was steadily added to from the current profits, and then stood at £93,214. The next year to equalise the dividend it was slightly decreased. The diminution was only temporary, for the next half-year and onwards, till 1860, amounts were regularly allocated to the guarantee fund, which at the end of 1859 reached the substantial sum of rather more than £200,000. In 1860, although the usual dividend was paid, a sum of no less than £60,000 had to be taken from the profits and set aside "to cover the losses incurred by the failure of Messrs. Streatfield & Co., and other houses connected with the leather trade." From that

date the only alteration made in this account have been by regular periodical additions.

The bank had not been established long in Coleman Street before it was found that the volume of business coming in demanded larger premises, so a site was purchased and a building erected in Princes Street, Mansion House. The report for June, 1872, stated that the directors had succeeded in purchasing the valuable freehold property known as the "Poultry Chapel," adjoining the rear of the bank premises in Princes Street. "This most desirable acquisition," continued the report, "will be immediately made available to meet the constantly increasing requirements for carrying on the business of the bank; and the directors beg to congratulate the proprietors on that object having been secured at an outlay so comparatively moderate, considering the ulterior advantage that will accrue to the bank from the purchase."

Although on a comparatively small scale, the London Joint-Stock Bank have taken over other similar institutions. In 1870 the Alliance Bank, in Southwark, was absorbed, and the same year the business of the Albion Bank, in Southwark, was purchased. By far the most important amalgamation the Joint have ever

effected was in 1893, when an announcement was published that the Imperial Bank, of Lothbury, one of the most important banking institutions in London, had been procured. The Imperial was a bank with a very extensive connection, especially amongst members of the London Stock Exchange — in fact, so great was the business done on settling days that the Imperial and the Alliance were commonly called the “brokers’ banks.” The purchase added some £3,000,000 to the deposits of the Joint-Stock Bank, and at the same time afforded it a considerable number of established branches in and about London. What, perhaps, was of almost equal importance, it gave the Joint an outlet for its surplus funds, in the same manner as the City Bank, another institution extensively patronised by stockbrokers, did to the London, City & Midland.

In 1840 the Joint opened a branch in Henrietta Street, Covent Garden, but this very soon after was closed, and the business transferred to the premises previously occupied by Messrs. Hammersley in Pall Mall. In 1866 and 1868 branches were started in Chancery Lane and Smithfield respectively. The Paddington branch was opened in 1872, and one in Great Tower Street, E.C., in 1883. Eight years

later the bank went a little further afield, opening branches in Camberwell and Rotherhithe; and in 1892 in South Kensington. The Rotherhithe branch was discontinued in 1893. Since this date the management have given more attention to the importance of, firstly, the feeding of their own institution in Princes Street, and, secondly, of offering increased facilities to the public. Hence many other offices have been established, and judging from the last reports, the bank appears to be benefitting by its forward policy.

The bank was registered as an unlimited company in 1873, and in 1882 as limited.

There is one point to which we would call attention, which may be of interest. With most banks the custom obtains of issuing rather lengthy reports to their shareholders, and even in the early days the idea seemed to be that the longer the report could be spun out the better. It might be as well for some of our bank officials of to-day to take a leaf out of the record book of the London Joint-Stock Bank. The report for the half-year, 30th June, 1851, ran :—

“The accounts which the directors have in the course of their duty to submit to the shareholders, show that the net profits of the bank during the six months completed on the 30th ult. amount to £29,341 15s. 7d. The payment of the dividend at the rate of £6 per cent. per annum, clear of income-tax, will leave the sum of £9,341 15s. 7d. to the credit of the profit and loss account of the next half-year. The dividend will be payable on and after Friday, the 25th inst.”

That was all—brief, succinct, business-like: what more is needed? The short epitome contains all the information appreciated by the shareholders.

The bank has still plenty of scope for extension both in the suburbs and the provinces, and we do not doubt that under the present very competent direction and management all suitable opportunities for new branch business will be carefully considered.

CHAPTER XII.

MARTIN & COMPANY, LIMITED.

THERE is a great question whether the old firm of Martin & Co. was established before or after the well-known houses of Coutts & Co. and Child & Co. Each has its budget of dates; each has its treasured and interesting episodes and anecdotes; each can afford to take a supercilious glance at those joint-stock banks which sprang into existence at a time when these old private banks were hoary with age. There is the tale of its origin anent the grasshopper, but unquestionably that is all a myth—it is a pretty romance, and that is all. Mr. Granville Leveson-Gower, of Titsey, in his genealogy of the family of the Greshams remarks “that the legend has been localized, and that an old dame in his village inquired of him whether he knew the origin of the Greshams, and then proceeded to relate the story, placing the scene of the occurrence at New Hall, in the adjoining parish of Limpsfield. The absurdity of this legend is obvious in view of the fact that the Greshams were a well-known Norfolk

family, taking their name possibly from a parish of the name Gresham, *i.e.*, Grassham."

It may here be remarked that *grasshein* is a German word for grasshopper.

Sir Richard Gresham was by trade a mercer, but in 1539, when Anne of Cleves came over to be the bride of King Henry VIII., a payment is recorded in the book of the bank as follows: "To Sir Richard Gresham for a cheyne of fyne golde which was geven to a gent that came from the Duke of Baoyer, £100 13s. 9d." Evidently from this statement Gresham must have then been a goldsmith in business.

Again, taking our notes from the most interesting book of Mr. J. B. Martin, we find that Gresham "particularly wished to erect a bourse of exchange in Lombard Street, and submitted a design of it in 1537 to Cromwell (then the Lord Privy Seal), but delay followed delay, and there was a lapse of some thirty years before his son, Sir Thomas Gresham, carried the idea out to its completion."

Sir Thomas Gresham, who was born in 1519, was, according to Mr. Martin, apart from being a mercer "before all else a financier," and it is probable that he was looked on in some degree askance

by his brothers of the mercer's craft, since he is recorded on two occasions, 1559 and 1560, to have advised the "raising of the wind" to pay his Majesty's debts by laying an embargo on the fleets about to sail to and from Antwerp respectively, until the skippers had agreed to pay to the Queen's creditors in Antwerp considerable sums at the rate of exchange most favourable to the Crown that could be extorted from the men, on whom the mine was not to be sprung until the goods were safely on board. On the first of these occasions he writes to Cecil recommending him to send for the Lord Mayor (Sir Thomas Leigh, 1558-9) and eleven other principal merchants of the city, among whom were "Mr. Aldyman Martynne and Lyonell Dockett"—the latter a reputed partner of Gresham's—"and to move unto them to the intent that they might flourish in the commonwealth, as aforetime they had done, that the Queen being not unmindful of the payment of her debts in Antwerp, had thought good to use them (as heretofore, King Edward, her brother, dyd)."

"And for the accomplishment of the premises, the Queen's Majestie dowthe requyre at your handes to paye in Flanders xxs. sterling upon every cloth that

is now shipped, after the rate xxvs. flemysh for the pound sterling. . . . Finally, ye maye not come lower than to hav for every pound sterling xxiis. flemysh (for 20, for so the exchange passeth at this present). But I trust y^t will be at 22s. 6d. ere they hav fynshed their shipping. Advertising you yf the exchange be better in Lombard Street than 22s. in any wise to make them pay after that rate."

The name of Martin first appeared among the goldsmiths as early as the commencement of the reign of Queen Elizabeth. In the year 1558 Richard Martyn, or Martin, was called to the Livery of the Goldsmiths' Company. At that time he resided at "The Harpe," in Goldsmiths' Row, Cheapside. There is no direct evidence that he enjoyed any controlling influence over "The Grasshopper," but as he used the same armorial bearings as the bank have done ever since, it seems highly probable that he was a partner.

In the list of "Goldsmiths kepeing running cashes" for the year 1677 there is the firm of Messrs. Duncombe & Richard Kent, of "The Grasshopper," of Lombard Street.

In 1646 the name of Stone first appears, when William Stone "was presented" for selling beer without a license.

It is very probable that the bank was burnt down in the great fire of 1666.

Mr. J. B. Martin, in his little work on "The Grasshopper," says "it is a tradition that James II. kept an account there (at "The Grasshopper") as well as at Childs', and that when, after his abdication and flight, 1688, he sent to his bankers for his balance, the latter, as good bankers, sent it to him, while the former, as good Whigs, told him to come and fetch it. There is room for another conjecture, namely, that his Majesty's account was overdrawn."

Duncombe became Lord Mayor of London in 1709, prior to which date he had entered into partnership with Mr. Richard Smythe, a banker, who subsequently introduced into the firm one Andrew Stone who married, later, Mr. Smythe's sister. Whether this consummation was a part of the agreement for partnership or not, we cannot say. In his will, dated 11th February, 1711, he is described as a clothmaker. He left his share of the business to Thomas Martin on payment of £9,000 to his widow, to her mother

Mrs. Holbrooke, and to Nathaniel Torriame. After the death of Andrew Stone Mr. Thomas Martin carried on the business alone till 1714, when he took into partnership his brother James. About 1730 or 1731 Thomas Martin retired, and Ebenezer Backwell joined the firm.

It is quite impossible for us to give in detail here the various changes that have with the ordinary run of events taken place with regard to this house of such venerable age. Let us, therefore, now confine ourselves to a few facts both of interest and importance so far as the bank's history is concerned. In 1766 Richard Stone the younger married Miss Mary Herring, and next year that lady's sister married Sir Francis Baring. In 1764 John and Francis Baring opened an account at "The Grasshopper," and with their constantly increasing foreign and colonial connection their accounts grew to very great dimensions, and continued exceedingly active until the temporary check occurred which necessitated the reconstruction of the firm.

On the death of Richard Stone in 1802 the vacancy was filled by the election in 1806 of James, the younger brother of John Martin. Henry Stone,

a partner who had come on the scenes in 1823, died in 1844, and the business was left in the hands of the three brothers, John, James, and Robert Martin, and George Stone the younger. The latter died in 1861, when the family became extinct in the main line, and thus after the lapse of 133 years the business once more became Martin & Co. Here it may be interesting to record that Mr. Robert Martin married Anne, the daughter of John Biddulph, of the banking firm of Cocks, Biddulph & Co., of Charing Cross, and their two sons, Richard Biddulph Martin and John Biddulph Martin, joined the firm at the beginning of 1861 and 1864 respectively.

In 1875 the senior partner, John Martin, retired. In 1876 his eldest son, Waldyce Alexander Hamilton Martin, joined the firm. After the sudden death of James Martin in 1878, the business was left for two years in the hands of Richard B. Martin and John B. Martin and their cousin, W. A. H. Martin, the last name retiring in 1880. Then Fredk. H. Norman, whose mother was the daughter of Henry Stone, came on the scenes, and in 1864 his brother, Edward Norman, was admitted. "The firm thus constituted," says Mr. J. B. Martin, "re-united the families of

Martin and Stone in business relations, all the four partners having a common ancestry through Richard Stone, the second of the name, by his marriage with Mary Herring." The father of the two new partners was for many years a director of the Bank of England, while the eldest son was a partner until his death, in 1889, with the firm of Baring Brothers.

The records of the transactions of the eminent firm are complete from 1731. In the books there is an entry in 1751—

"To Brydges for killing the Buggs in the shop, £1 1s."

Poor Brydges! how little did he think when he was calmly and quietly executing his strange commission in 1751 that, more than 150 years afterwards, his action would be commented on, and his curious occupation cause an amused smile to flit over the faces of the heads of houses, which in his time were not even contemplated.

From 1720 to 1750 the business men of the day were in a state of frenzied excitement, making vast profits only to rush into tremendous speculations and

finally to be buried in a hopeless ruin. Gay in his letter to Moon (a goldsmith) says :

When credit sank and commerce gasping lay,
 Thou stoodst, nor sent one bill unpaid away :
When not a guinea chinked on Martin's boards,
 And Atwell's self was drained of all his hoards.

“The Grasshopper” was rebuilt in 1794. The records of the bank show that it has long been a custom of the firm to take into partnership men who have served them as clerks.

We are sure that all our readers will be only too pleased to scan the following copy of the balance-sheet for the year 1731.

<i>Drs. to Severall.</i>						£	s.	d.
In the Ledger	...	...	..	...	...	139,995	3	2
In the Note-Book	...	...	...	...	...	19,476	16	9
						<hr/>		
						£159,471	19	11
						<hr/> <hr/>		

<i>Crs. by.</i>						£	s.	d.
Discount Book	...	...	...	...	...	83,177	4	11
Ledger out of Cash...	...	...	...	...	...	1,724	7	3
Ballice. in Cash	...	...	...	...	...	74,570	7	9
						<hr/>		
						£159,471	19	11
						<hr/> <hr/>		

“ XMAS, 1731.

“The before-written accounts in Fol. 1, 2, 3 and 4 containe the perticulers of Debts owing by

Mr. James Martin & Company on the 24th December last, when Mr. Robert Surman came in a partner. And in Folio 5 and 6 is an account and Valuation of the effects to answer the same in our hands.

“ JAMES MARTIN.

“ R. SURMAN.

“ Witness,

“ JO. LEAVER.

“ JNO. MARTIN.”

“ RICHD. STONE.”

From the published researches of Mr. J. B. Martin, in his entertaining book on “The Grasshopper,” we take the following list of some notable customers who have honoured the famous old bank with their patronage :

- | | |
|-------------------------|--|
| 1731. James Jenner. | 1749. Van Voorst & Boon. |
| Francis Wollaston. | 1748. John Aislabie. |
| Nicholas Wollaston. | 1761. Gonville and Caius
Coll. |
| William Wollaston. | Dr. Thomas Heber- |
| Thomas Colclough. | den. |
| 1732. James Buchanan. | 1763. George Gostling. |
| 1748. J. Peter Burrell. | 1764. John and Francis
Baring & Co. |
| J. Fullerton. | |
| 1744. Quarles Harris. | 1770. Charrington, Moss
& Co. |
| Capt. Charles Bod- | |
| dam. | |

- | | |
|-----------------------------|---------------------------|
| 1770. Thomas Boddington. | 1777. Peter Aubertin. |
| Samuel Brandram. | Hugh Price. |
| Peter Floyer. | 1778. General W. Belford. |
| 1771. Jane Buchanan. | 1781. Abraham Grimes. |
| Richd. Butler. | Wm. Dixwell Grimes |
| Thomas Boddam. | 1782. Sir Francis Geary, |
| Archibald Buchanan. | Bart. |
| Joseph Banks. | Cuthbert Colling- |
| Joseph Chambers. | wood. |
| John Fullerton. | 1783. Henshaw Russell. |
| Jere. Rayment Hads- | 1784. Nesbitts & Co. |
| ley. | 1786. Gustavus Belford. |
| Dr. Willm. Heberden. | R. & T. Neave. |
| Samuel Lloyd. | 1787. Richard Bruce. |
| Richard Myddelton. | Oxley & Co. |
| Richard Maitland. | 1788. William Leckmere. |
| Thomas Powys. | Sir John Temple, |
| David Papillon. | Bart. |
| 1772. Neave & Aislabie, | 1789. Willm. Agnew. |
| 1773. Admiral Francis Geary | Samuel Bilke. |
| 1773. Lazarus Venables | William Tidd. |
| 1774. Richard Neave. | 1790. Assur Keyser. |
| 1776. Lady Anne Boswell. | 1792. Grellet. |
| William Lock. | 1794. Hugh Baillie. |

- | | |
|---------------------|----------------------------|
| 1794. Wm. Upton. | 1798. Angerstein & others. |
| Thomas Lovell. | Clutton & Sons. |
| 1797. Lord Lilford. | Samuel Wallace. |
| Thomas Lovett. | 1799. Atkinson & Co. |
| Mathew Marshall. | Lewis Corkran. |
| Peter Cherry. | Mary Larkin. |
| | James Carey. |

In 1748 there is a record of the account of the Hospital for Exposed Children—now, most probably, the Foundling Hospital. In 1789 there appears an account in the name of “Sunday Schools.”

CHAPTER XIII.

THE METROPOLITAN BANK (OF ENGLAND AND WALES)
LIMITED.

THIS is another of the big banks which came to London from the Black Country, and "came to stay," although the bulk of its connection is far more with the provinces than with the metropolis. As a member of the London Bankers' Clearing House it holds a position amongst the leading banks in the country.

It was incorporated on 1st August, 1866, as the Birmingham Banking Company, with its head office at Bennett's Hill, Birmingham. The authorised capital was £1,500,000, divided into 30,000 shares of £50 each. Between August, 1866, and June, 1867, there were issued 16,684 of these shares. From time to time the capital has been increased—thus in 1872 the authorised capital stood at £2,000,000; in 1880 at £3,500,000; in 1889, £5,000,000; and in 1892 at £7,500,000, at which figure it still remains. The paid-up capital is now £500,000, while the reserve fund amounts to £350,000.

This bank, like Lloyds and the London, City & Midland, both of which also hailed from the capital of the Midlands, owes much of its rapid progress to amalgamations, though of late years these have taken place but seldom. In 1880 the Stourbridge & Kidderminster Banking Company was taken over, to be followed by the absorption nine years later of the Staffordshire Joint-Stock Bank, Limited. These two amalgamations greatly enlarged the sphere in which the bank had hitherto worked. In 1889 the Birmingham Banking Company made their biggest coup by the absorption of the Royal Exchange Bank (of London). It was a good stroke, for though the Royal Exchange Bank had had a very chequered career, and changed its name on one, if not two occasions, it had a seat in the London Bankers' Clearing House, to attain which is the aim and ambition of almost every bank in the country. True, the business of the Royal Exchange—the old "Metropolitan"—was but small, and the reputation it enjoyed was none of the best. Yet the fact remains it had a seat in the Temple of Mammon—by some means or other it had been allowed to cross the sacred threshold of the House—and hence the new mid-country bank could enter London with a

certain amount of distinction, and at once occupy a position which many much larger establishments had ardently longed for for years. It was a good move well worthy of the astute chief then at the helm. Then it was that the name was changed to the Metropolitan & Birmingham Bank, Limited, and the same year the private bank of Cooper, Purton & Company was absorbed.

But by this time the directors of the Metropolitan had the fever of amalgamation upon them, and could not long remain quiescent. In 1892 the banking world was greatly surprised by the announcement that the South Wales Union Bank had been taken over with all its branches, thus giving the Metropolitan a very strong footing in South Wales and a splendid connection in a very important district. The new venture necessitated another change of title, and it was announced that in future the bank would be known as "The Metropolitan, Birmingham & South Wales Bank, Limited."

Then followed an important event in the bank's history. It was at this time that the directors of the National Bank of Wales were coquetting with first one and then another of the leading London

banks. As a point of fact, the National Bank of Wales was in the market, and there were undoubtedly several of the London Clearing Banks prepared to buy it at a price for the sake of securing its extensive connection in Wales. Apparently the first favourite among the competitors were the London City & Midland—or the London & Midland as it then was—and to this institution the agency of the Welsh bank was transferred. It was an open secret that the transfer meant that an absorption would take place a little later on, and that Mr. E. H. Holden would be able to add one more to the list of banks which the Midland had procured through his instrumentality. This time, however, the wiseacres were entirely wrong in their prognostications. When everyone felt assured that the amalgamation of the National of Wales with the London & Midland was *un fail accompli*, it fell through. It was late on a Saturday night, in 1893, that negotiations were broken off between the two banks: the *following Monday morning* the money articles of the leading newspapers contained the announcement that “terms of amalgamation” had been arranged between the Metropolitan, Birmingham & South Wales Bank, Limited, and the

National Bank of Wales, Limited. That was one of Mr. James Leigh's smartest moves. He had secured numerous offices in various parts of Wales in which his bank had hitherto not been represented, and also a very extensive connection.

There was at the time a considerable amount of correspondence in the *South Wales Daily News* over the terms of purchase. By some means the newspaper received the information some time before the shareholders had their circulars sent to them, but though the controversy lasted some while it gradually dwindled down and down until the amalgamation had become one of the things of the past, and the shareholders commenced to wonder what Mr. Leigh would put before them next. There was no question whatever that the cost of the National Bank of Wales was a great deal more than was anticipated, but it redounds to the credit of the management of the Metropolitan to say that when it was found that the assets taken over fell a long way below the anticipated amount the matter was faced in a business-like way, and the large reserve fund and some of the surplus profits were utilized year by year, till the bank had cleared off all the unexpected losses.

That this policy was a very wise one has been amply proved by subsequent figures. The connection had been secured, and after the needed pruning had taken place, immediately began to bear fruit: and ever since the bank has constantly consolidated its position.

The first branch was opened in Walsall in 1874, and ever since then the bank has started new establishments wherever opportunity served. A keen eye has been kept on all neighbourhoods in the provinces likely to afford favourable prospects for bank development, until to-day—in the Midland and South Wales at all events—the Metropolitan has become an important factor in the financial world.

From the very outset the bank bid fair to be a success, since at the end of the first year the deposit and current accounts amounted to nearly £500,000. Four years later the total of this item had doubled. In 1880 they were represented by more than £2,500,000; in 1889 the total had turned £4,000,000; in 1893, £5,000,000; in 1896 it was within an ace of £7,000,000; and now it is nearly £8,500,000.

The first manager was Mr. Thomas F. Shaw, who retired in 1876, and was succeeded by Mr. P. W.

Walker, who resigned his position the same year. Then Mr. James Leigh took the helm as general manager, and it was owing to his remarkably keen business insight and his indefatigable exertions that the bank made its way by great and rapid strides to the position it now enjoys. When Mr. Leigh was appointed general manager the bank was a small one, comparatively speaking, when he died he left it one of "the clearing banks of London." The present general manager is Mr. F. W. Nash.

It is of quite recent years that it was decided to again change the designation of the institution, this time to the "Metropolitan Bank (of England and Wales), Limited." The alteration was a wise one, but we feel that it would be still better if the title were even further curtailed, so that the bank could be known as "The Metropolitan Bank, Limited."

The report and balance-sheet for the year ended 31st December last were as follows:—

"In presenting the thirty-ninth annual report the directors beg leave to state that the net profits for the past year, after making ample provision for bad and doubtful debts, and allowing for rebate on bills current, amount to £85,469 10s. 7d., to which must

be added the amount brought forward from the previous year, £11,955 4s. 7d., making a total disposable sum of £97,424 15s. 2d., which has been appropriated as follows :—

“ Dividend of 12½ per cent. per annum for the half-year ended 30th June, 1904	£31,250	0	0
“ Dividend of 15 per cent. per annum for the half-year ended 31st Decem- ber, payable 1st February next ...	87,500	0	0
“ Income Tax paid for Shareholders	8,865	17	9
“ Bank Premises Redemption Fund, being £1,000 and £1,210 15s. 4d. interest on the Fund, transferred from the profits of the past year...	2,210	15	4
“ Transferred to Officers’ Pension Fund	2,500	0	0
“ Written off Bank Premises Account	5,000	0	0
“ Balance carried forward	15,598	2	1
	<hr/>		
	£97,424	15	2
	<hr/> <hr/>		

31ST DECEMBER, 1904.

<i>Liabilities.</i>		£	s.	d.
Due by the Bank on Current, Deposit and other				
Accounts		8,314,267	17	2
Seven Days and other Drafts		10,894	18	9
Foreign Bills negotiated as per contra		56,677	8	9
Bills for Collection as per contra		63,153	11	10
Rebate on Bills discounted		4,841	11	5
		<hr/>		
		8,449,835	7	11

<i>Proprietors' Funds.</i>				
Paid-up Capital	£500,000	0	0	
Guarantee Fund	350,000	0	0	
Bank Premises Redemption Fund	41,784	4	10	
Dividend payable 1st February				
next	37,500	0	0	
Profit and Loss Account balance				
carried forward	15,598	2	1	
		<hr/>		
		944,882	6	11
		<hr/>		
		£9,394,717	14	10
		<hr/> <hr/>		

<i>Assets.</i>		£	s.	d.
Cash in hand and at the Bank of England ...		774,462	11	4
Cash at Call and at Short Notice		1,502,155	2	5
		<hr/>		
		2,276,617	13	9
Investments, viz.:—				
British and Indian Govern-				
ment Securities	666,373	11	8	
Colonial Government Securi-				
ties, Railway and Corpora-				
tion Stocks and Debenture				
Bonds... ..	649,511	19	10	
		<hr/>		
		1,315,885	11	6
Bills of Exchange		650,119	1	11
		<hr/>		
		4,242,622	7	2
Due to the Bank on Current and other Accounts,				
after deducting provision for bad and doubt-				
ful debts and contingencies		4,684,324	10	9
Foreign Bills negotiated as per contra		56,677	8	9
Bills for Collection as per contra		63,153	11	10
Bank Premises and Furniture at London, Bir-				
mingham, and Branches, less amount written				
off this year		347,939	16	4
		<hr/>		
		£9,394,717	14	10
		<hr/> <hr/>		

CHAPTER XIV.

THE NATIONAL BANK.

THIS bank was originally the National Bank of Ireland, and was founded as far back as 1835. Identified with this institution is the name of the great Daniel O'Connell, a full length portrait of whom, by Sir David Wilkie, hangs in the board-room of the head office in Old Broad Street, London.

The original intention was to cater for the requirements of people resident in Ireland, and this has been ever since constantly followed out, until to-day one sees branches not only in almost every large town, but in most of the smaller ones and villages in the Emerald Isle. Despite the fact that for many years the bank has enjoyed a very extensive London business, Ireland itself has never been lost sight of for a single day. Where there is not a branch there is a sub-branch, or an office open for a few days a week, or one open on certain days for a few hours only. The National Bank is and has long been essentially a caterer for "the people"—the little

tradesman, the small farmer, equally with the merchant, the landowner, and the manufacturer. It was started on totally different lines to those of any of the banks whose history we record in this volume. This was the original plan: each branch opened was treated in every respect as though it were a separate bank, always, of course, with the proviso, that in case of need, the parent office might be called upon to lend a helping hand. It was intended in the first instance to divide the profits with the local body of constituents specially interested in each branch.

The bank was a success from its start; and greatly gratified must the directors and their chairman have been on seeing the rapid growth of the institution which they had founded; and which had immediately received the stamp of public approval, backed by public support. The bank first started business at Carrick-on-Suir on 28th January, 1835, and almost at once it was found necessary to open branches in various directions. On this point the following extracts from the first report, dated 25th May, 1836, are very interesting. After giving a list of twenty offices which had been opened up to that period, the report continues:—

“Several other towns are under consideration, and branches will be opened in them in the present year. The directors are now engaged upon the formation of a metropolitan bank in Dublin, as a branch of the National Bank of Ireland, with very extensive capital and objects, including a district hitherto neglected in banking accommodation, by reason of the privileges of the Bank of Ireland Charter, and containing a population of 1,500,000 inhabitants; but the plan of the bank and its connection with the National Bank of Ireland will be such as not to interfere with any of those privileges, also it will be prepared to take advantage of any change made in them.”

Continuing, the report refers in the following terms to the work up to that time accomplished:—

“The directors cannot close this report without adverting to the good effects, in so short a time, already visible in Ireland, arising in some degree from the extension of their operations, combined with the high rate of agricultural prices in the past and present years, as compared with the former ones, the one enabling the agriculturist to dispose of his produce to advantage, and the other to discharge his

obligations with punctuality. It is hoped that by due caution and the prudent development of the country, many social evils will be mitigated, and the National Bank of Ireland will be fully compensated for the part it has taken in promoting this permanent object, by the strong hold it has been the study of the directors to obtain for it in the affection of the people."

Thus said the first report of the directors, with Mr. Daniel O'Connell at their head. The forecast was sanguine, but events have proved that the case was not overstated. There can be no question that the bank did rapidly secure "the affection of the people," but, what is still more important, that affection is greater now than ever. To use a phrase of the day, the National Bank of Ireland "caught on." It was an experiment which turned out eminently satisfactory: it was a new departure which speedily showed that it was more than justified: it was a revolution in the then existing banking world of Ireland, and we can quite understand how it is that now, seventy years later, the painting of the founder occupies so prominent a position in the board-room at the head office in London.

Before going further with the history of this Irish bank let us take a glance at the balance-sheet, showing the result of the first eleven months trading.

BALANCE-SHEET, 31ST DECEMBER, 1835.

<i>Liabilities.</i>							£	s.	d.
Capital	..	...	...	..	...	...	374,140	12	11
Circulation	...	...	...	...	...	...	521,745	0	0
Deposits	...	...	...	...	...	...	256,638	12	1
Proprietors' undivided fund	...	...	...	...	...	...	14,520	15	11
							<hr/>		
							£1,167,045	0	11
							<hr/> <hr/>		

<i>Assets.</i>							£	s.	d.
Investments	...	...	...	...	...	...	155,740	12	6
Securities	...	...	..	...	...	...	826,638	1	6
Specie and Cash at Bankers	...	...	...	..	...	..	166,471	14	1
London preliminary expenses, to be liquidated in four years	...	...	...	...	...	.	8,547	3	8
Branch ditto ditto in five years...	...	...	...	...	...	..	9,647	9	2
							<hr/>		
							£1,167,045	0	11
							<hr/> <hr/>		

A little further on in this chapter we will give a copy of the balance-sheet published for the year ended 31st December, 1904.

The first and only amalgamation or absorption ever effected by the bank was the London & Dublin Bank in 1847, so that one can regard the great growth of its figures as an evidence of steady and natural

increase of business with no undue and misleading inflations.

The bank opened an office in London in 1854, when the title was changed to "the National Bank," since when no alteration of the name has been made. New shares were issued from time to time, and by 1865 the paid-up capital stood at £600,000. That year a fresh issue of capital was made, and by this time so popular had the bank become that there was not the slightest difficulty in having the full amount—issued at a heavy premium—more than fully subscribed for. The result was most gratifying—the paid-up capital was increased by £600,000, and so stood at £1,200,000. But on the issue the premiums received amounted to half-a-million pounds sterling, and, to the credit of directors and shareholders be it said, that the whole of this large sum was at once placed to the credit of the reserve fund. Later, the directors took a very popular step: they decided to issue, as a bonus, the remaining shares, the necessary sum paid-up per share—namely, £300,000—being withdrawn from the reserve fund. The shareholders were greatly pleased, and we have no doubt that a large influx of business was the natural consequence. Aply supported by

their shareholders, and with the full confidence of their customers, there is no need to wonder that the subsequent progress was rapid, though steady.

By this distribution the paid-up capital was increased to £1,500,000, at which figure it has since remained. It is almost a question whether the action of the directors in making this distribution was not premature, although, of course, it was an impossibility to foretell what was coming. The following year, 1866, when the great panic was upon us, when banks were closing their doors, merchants failing on all sides, financiers coming to a crash, when credit was at its lowest ebb, when business was paralyzed; when houses, which had weathered the storms of a century, collapsed like a pack of cards; when hundreds of thousands of persons were ruined; when many wealthy people were reduced to poverty—that was the time when the strength and stability of all the banks were tested and their resources tried to the utmost. Like all the rest the National felt the stress and strain, and it weathered the storm, but for many a long day afterwards it felt the effects. The bank made heavy losses, amounting to upwards of £500,000 which amount, heavy though it was, was immediately written off the reserve fund. This was the

first and only serious blow the National had received: the directors realized the gravity of the situation and acted with promptitude. When the loss was made, the then chairman (Sir Joseph Neale M'Kenna) and the whole board resigned; the resignations were accepted, new blood were introduced, with the result that with caution, begotten of experience, the bank again resumed its progress, and the bank immediately recommenced to build up a reserve, which to-day reaches the highly satisfactory and very substantial sum of £500,000.

It was five years after its advent in London that the National Bank obtained a seat in the Clearing House. That institution, established by private bankers for private bankers, greatly objected to, and most strenuously opposed strangers crossing the sacred threshold of their "Temple." The new fangled, so-called, joint-stock banks were of mushroom growth, and might at any moment wither and die. But, as year by year they not only multiplied but rapidly increased in strength and popularity, the private bankers were reluctantly forced to the conclusion that their rivals meant to compete with them. It was in 1859 that the National obtained admittance, and the

directors immediately felt the effect that this made to the business.

The National is the one bank in the House, with the exception of Parr's, which has the privilege of issuing its own notes. So far as the latter is concerned the issue is lilliputian, and was only recently acquired by the absorption of a small bank in the Isle of Man. As regards the National, however, the note issue is a most important item. Glancing at a list now before us containing the figures—from the last published balance-sheets—of 100 banks in England, Scotland, and Ireland, we note that with the exception of the Bank of Ireland, none other has so large a note issue as the National. The circulation of the National on the 31st December last was £1,094,986. It is, of course, quite understood that the issue is in Ireland only. The bank has one of the largest Stock Exchange connections in the metropolis. Its situation in Old Bond Street lends itself, by reason of its close proximity to the exchange, to this class of business, and could the ordinary reader be in the Clearing House on a settling day, he would be almost thunderstruck by the rain of bundles and drafts thrown on the dishes of the National "clearers." Yet the work

is carried through almost automatically, with no confusion, no bustle. It is a matter for surprise that so vast an amount of work can be got through in so very limited a space of time.

That the bank is well managed and engineered there can be no doubt, and it is equally clear that its reputation is as high as that of any institution in the House. While the word of the day appears to be amalgamation the National is quite content to pursue the even tenour of its way, increasing its figures by increasing its business. Nor have the authorities any reason to regret that policy which has been so successful in the past and is, under the same careful management, sure to be equally successful in the future.

The following is a copy of the balance-sheet for the half-year ended 31st December, 1904:—

BALANCE-SHEET, 31ST DECEMBER, 1904.

<i>Liabilities.</i>		£	s.	d.
<i>Dr.</i>				
To	Capital paid-up on 150,000 Shares	1,500,000	0	0
„	Rest or Undivided Profits—Consols at 87½ ...	500,000	0	0
„	Notes in Circulation	1,094,986	0	0
„	Amount due by the Bank on Deposits and Current Accounts	11,525,302	5	5
„	Acceptance to Bankers' Drafts and on Security	109,050	0	0
„	Rebate on Bills not due	11,567	0	0
„	Net Profits for the Half-year, including £16,333 12s. 10d. brought forward from the 30th June, 1904... ..	115,406	11	11
		<u>£14,856,311</u>	<u>17</u>	<u>4</u>

<i>Assets.</i>		£	s.	d.
<i>Cr.</i>				
By	Cash on hand at Head Office, Branches, and Bank of England	1,494,481	12	6
„	Money at Call and at Short Notice	1,970,617	12	2
„	Government Securities—including Rest or Undivided Profits	1,532,474	14	9
„	Corporation, Railway, and other Stocks ...	152,308	8	0
„	Advances on Securities at sundry dates, and Current Accounts	5,623,069	7	7
„	Bills discounted	3,661,956	18	10
„	Bankers' Guarantee and Securities held against Acceptances, per Contra	109,050	0	0
„	Bank Premises—London, Dublin, and Branches, Freehold and Leasehold	312,353	3	6
		<u>£14,856,311</u>	<u>17</u>	<u>4</u>

CHAPTER XV.

THE NATIONAL PROVINCIAL BANK OF ENGLAND, LIMITED.

THIS bank stands out unique in one particular that its formation was in contemplation so far back as 1830—but only in contemplation. It was not till three years later that its capital was offered to the public, and its reception by the public was exceedingly gratifying, for in April, when the shares were submitted no less than 13,168 were applied for, and of this large number the directors allotted 8,340 only. From the first report we gather that the Gloucester branch was opened on New Year's Day, 1834, a branch at Brecon on the 26th March following, and at Walsall on 14th April, while arrangements were then being made for establishments at Birmingham, Wotton-under-Edge, Boston and Wisbeach. The statement of the accounts placed before the proprietors on the 8th May, 1834, showed that the paid-up capital then amounted to £101,545. This appears almost ludicrous when placed side by side with the capital as it stands in the balance-sheet of to-day.

The National Provincial had grasped the great principle—the whole essence of joint-stock banking—that the aggregate of a number of small balances was quite equivalent to that of few large ones. They came on the scenes prepared to cater for the people—the masses—and like the County and the South-Western (of later date) they did so most successfully. The idea in the mind of the directors was to cater for the provinces, and this they did, and are still doing. The name of the National Provincial is a household word in most of the leading towns, and many of the principal villages, in the south of England and the Midlands. But in addition to this the name of the bank is not only known, but held in high respect, by all colonial and foreign bankers. For many a long day the National Provincial stood head and shoulders above any other joint-stock bank whose figures were available, purely and solely by a steady increase of legitimate business. That is to say, that their figures have not been inflated by amalgamations and absorptions; there has been a continuous steady increase of business, the result of confidence, the reward of continuous steady endeavour. Banks have risen, flourished, and fallen: there have

been tight corners—there has been Black Friday, there has been the Baring crisis, there have been the curious and unexpected variations in the Bank of England rate, there have been many disturbances in the foreign markets—but through one and all the National Provincial has stood its ground, and not only that, it has come out of the ordeal with flying colours. When banks were stopping payment in all directions the National Provincial held its own. There was no stringency, no tightness of money: the lines on which the bank was founded and worked were too strong, too secure in every way. The principle had been laid down that the bank was to work on joint-stock lines, the business was for a class hitherto but very inadequately considered. True, there were springing up various joint-stock institutions, but the National Provincial, may be quite unintentionally, were one of the early pioneers. They, with their one or two colleagues, were to teach Londoners what joint-stock banking really meant, and were at the same time to fall in line of defence against the private bankers who looked upon the banking field of London as sacred preserves of their own, within which none but the specially favoured might enter, and over the threshold

of whose Clearing House it was profanity to attempt to step.

The second report of the bank states: "The establishment in its formation has met with greater difficulties than any similar institution, and it is with no ordinary degree of satisfaction that the directors have to congratulate the proprietors that those are now surmounted.

"The unanimity existing among the directors will enable them to apply their undivided attention to the proper and legitimate business of the company, and it is gratifying to them to be able to state that, from the short experience they have had, they feel confident that the expectations originally entertained by the proprietors will be fully realized."

There was a circular issued by the bank to which attention should be called:

"BIDEFORD,
"29th July, 1835.

"The great features which distinguishes a joint-stock bank from a private banking partnership is the unquestionable security which it affords to the public for its notes, deposits, and engagements of every description. This security

is obtained in the first place by the responsibility of the shareholders for all the liabilities of the bank; in the second place by the amount of capital of the company; and in the third place the directors are called upon annually for an account of their stewardship, and to declare a dividend on the profits they have made, and it is beyond the limits of probable villainy or possible fraud that they should do this otherwise than honestly. . . .

With private banks in this country, on the other hand, undoubtedly there are many which realize large profits, and are as solvent as any bank can be, but the public has no evidence of this."

Perhaps there may be, and probably is, a vein of truth running through these remarks, for they seem to have been penned by men who were writing in the light of their own times, but the expressions "possible fraud" and "probable villainy" seem hardly in keeping with public opinion of the present day. There were unquestionably, and probably there are now in the fold of private bankers some black sheep, some who are stemming the adverse current

of constant demands by subterfuge, but it is a consoling thought that they are few and far between. At the same time there are some provincial banks running very close indeed to the wind.

We do not think that it is a matter of general knowledge that although the bank had a London office from the very first, it was not used for ordinary London banking business till 1865.

Referring to our previous comment anent the country and provincial business which the bank decided to bid for, we may say that during the year 1834-35 no less than twelve branch establishments were opened, Bath, Cardiff and Cheltenham being amongst the number. But the following year the directors showed far more distinctly what was their real policy and what was the actual value they placed on a wide country connection, for during the twelve months no less than thirty-five branch establishments were opened, amongst which were those at Aberystwith, Bristol, Leicester and Stowmarket. At Barnstaple the business of the North Devon Bank was taken over; and the directors closed the branch at Walsall, "where the business had always been dangerous, and where a large portion of the capital of the

company was absorbed which could be much better employed in other quarters." In 1837 the business of Messrs. Skinner & Co., private bankers, was absorbed, and this enabled the bank to be represented at Stockton and Darlington, while, about the same time, branches were opened at Devonport, Plymouth, Kingsbridge, Manchester, Ramsgate, Exeter and Newcastle-Emlyn. And here diverting for a moment let us say that the Manchester branch was opened "with a view, in the first instance, of facilitating the operations of the other branches of the company, especially those in North Wales." It is amusing to read this extract of some sixty-five years ago, and then glance at the magnificent building which so splendidly represents the National Provincial Bank of England in Manchester to-day, and at the same time to bear in mind that the directors at the date of its establishment expressed the hope "that, at a fitting season, it may be very serviceable in the interests of the company." And here we cannot omit giving a short extract from the fourth report, as comparing things of to-day with those of long ago, the contrast strikes one immediately. On the date of the fourth report the bank had fifty-six offices, and the directors

stated "the transfers between the branches average about £60,000 a week, making a total of £3,000,000 monthly!"

Compare this with the balance due on current and deposit accounts of some £51,000,000 to-day! The one is the turn-over, the other the standing balance.

In 1838 the Rugely, Tamworth & Lichfield Banking Company was taken over, as was also the business of Messrs. Husband & Co., of Devonport, and that of Messrs. Browse & Co., of Brixham, while branches were opened at Southampton and Portsea.

In the report for 1838 it was notified that the premises in Bishopsgate Street had been acquired on favourable terms, and it was there that the next annual meeting of the shareholders was held.

In 1841 the business of Fryes, Andrews & Co. was acquired, and that of the Dover Bank (Fector's), while next year Cole, Holroyd & Co.'s business (of Exeter) was taken over. In 1845 the National Provincial absorbed Loveband & Co. (of Torrington), Ley & Co. (of Bideford), and Pretor & Co. (of Sherborne); while the dissolution of the Isle of Wight Joint-Stock Bank enabled them to open a branch at Newport. Three years later the Stockton & Durham

County Bank was absorbed, and in 1854 the private bank of Kennersley & Sons, of Newcastle-under-Lyme; and in 1859 that of William Moore, of Stone. In 1867 the business of Crawsbay, Bailey & Co., of Newport, was taken over, and, in 1870, that of Morris & Co., of Carmarthen; while seven years afterwards the Bank of Leeds was absorbed. Then, so far as amalgamations were concerned, the bank remained in a quiescent state till 1902, when the Knaresborough & Clare Bank was taken over, which gave the National Provincial openings and established businesses at Harrogate, Knaresborough, Ripon, Wetherley, Boroughbridge, Pateley Bridge and Masham. So we may fairly take it that whereas within the last fifteen or twenty years a certain set of banks have been increasing their figures by leaps and bounds, the National Provincial have "stood on their own bottom," and to-day can hold up their head with the proudest.

A word or two as to the capital. In 1853 the paid-up capital was £450,000. By subsequent issues of shares the paid-up capital was increased to £1,080,000 in 1866. In 1874 this item stood at £1,350,000, and in 1878 it was £1,687,500. From time to time it has

been increased till to-day it stands at the magnificent sum of £3,000,000, with a reserve fund of no less than £2,300,000.

With regard to current and deposit accounts the first figures were published in 1867, when they showed that on the last day of the previous December this item stood at a little over £3,000,000. In 1872 the total exceeded £20,000,000. By the 31st December, 1891, the item amounted to more than £40,000,000, and at the present time the confidence which the public has in the establishment is clearly demonstrated by the fact that more than £50,000,000 are entrusted to it.

The bank was registered as an unlimited company in 1873, and as limited in 1880. In 1863 the directors "had come to the full conviction that the interest of the bank required that its operations should be extended to London at the earliest possible moment," and, as most people know, the suggestion was at once acted upon. This step was a wise one in every sense of the word. The career of progress had been started but the fulcrum was not right: London was needed as the pivot round which all the future business must perforce turn, and very speedily

the directors found this to be the case. A fresh era of prosperity was commenced; a vista of further possibilities was opened up which the then directors were not slow to avail themselves of. The present building in Bishopsgate Street is one of the finest in London, but though the bank authorities see fit to assess "Premises" in the balance-sheet at an absurdly low figure, every business man knows perfectly well that in the item "Bank Premises" the bank holds another magnificent reserve fund—to be touched only in the direct case of necessity—but still there.

We append hereto the balance-sheet, shewing the accounts of the bank on the 31st December, 1904 :—

	<i>Liabilities.</i>	£	s.	d.
Capital :—				
40,000 Shares of £75 each, £10 10s. paid ...		420,000	0	0
215,000 ,, £60 ,, £12 ,, ...		2,580,000	0	0
		<hr/>		
		3,000,000	0	0
Reserve Fund		2,300,000	0	0
Current, Deposit, and other Accounts, including rebate on Bills not due, provision for bad and doubtful debts, etc.		50,693,477	14	6
Acceptances and Endorsements of Foreign Bills on Account of Customers		390,578	0	0
Profit and Loss Account :—				
Balance of Profit and Loss Account, including £83,288 5s. 4d. brought from year 1903		£631,476	18	0
<i>Less</i> Interim Dividend, 8 per cent. paid in August last...£240,000 0 0				
„ Dividend of 9 per cent. payable 8th February next 270,000 0 0				
„ Transferred to Knaresborough & Claro Bank, Limited, purchase A/c. ... 20,000 0 0				
„ Transferred to Bank Premises A/c. ... 15,000 0 0				
		<hr/>		
		545,000	0	0
			<hr/>	
			86,476	18 0
			<hr/>	
			£56,470,532	12 6
			<hr/>	

	<i>Assets.</i>	£	s.	d.
Cash :—				
At Bank of England and at Head Office and Branches	7,820,752	13	4
„ Call and Short Notice...	3,648,850	17	6
		11,469,603 10 10		
Investments :—		£	s.	d.
English Government Securities	8,811,833	18	3
Indian and Colonial Government Securities; Debenture, Guaranteed and Preference Stocks of British Railways; British Corporation and Waterworks Stocks	5,116,312	1	2
Canal, Dock, River Conservancy, and other Investments	517,678	4	4
		14,445,824 3 9		
Customers for Acceptances and Endorsements of Foreign Bills, per Contra...	390,578	0	0
Bills Discounted, Loans, etc.	29,517,452	2	2
Bank Premises in London and Country	647,074	15	9
		£56,470,532 12 6		

CHAPTER XVI.

PARR'S BANK, LIMITED.

THIS is one of the great amalgamating banks in the country, although for some considerable time it has remained in a quiescent state, content in developing the various businesses already secured. Coming to London with all the keenness of Lancashire it soon made its advent felt and its influence recognised, thanks mainly to the indomitable energy and enterprise of its then general manager, Mr. John Dun.

The history of the institution is somewhat interesting. In the days of old it frequently chanced that merchants in London, but more especially in the provinces, added to their other business that of banker to a limited extent. When roads were not safe, when highwaymen and footpads were abroad, it was by no means wise to travel after sunset with any considerable sum of money on the person. Hence it was that many tradesmen and merchants, to oblige their customers, volunteered to keep their money for them,

and so popular did this practice become that the holder would often offer a small rate of interest as an inducement to the customer to leave his money longer, and to deposit still more. It will be remembered that the original bank of Coutts & Co. started in this way, while the world-known firm of Barclay & Co. is said to have been founded indirectly by a tradesman of London, and the old firm of Smith, Payne, & Smiths—but recently amalgamated with the Union—dates back to a Nottingham draper. Many other of the old banks were founded in the same manner. It was thus that Parr's was established in Warrington, but there is a good deal of uncertainty as to the date of its origin. Well-known and highly respected as were the members of the firm, the new departure met with great public approval and ready support; and, even to-day, there is no banking institution better known or more respected in that part of England than Parr's. The banking department having progressed so satisfactorily, a limited company was formed in 1865, with a capital of £1,000,000, divided into 10,000 shares of £100 each, of which £10 per share, or £100,000, was paid-up, to take over that part of the business.

A few months afterwards the new company—Parr's Banking Company—bought the old established business

of Thomas Firth & Son, of Northwich; and, two years later, that of the Metropolitan & Provincial Bank, of Macclesfield. These, however, were only the prelude to what was to follow. Having once become fairly established the next point was to strengthen the position by increasing the amount of capital, so as to cope with the increasing business. In 1871 a call of £5 per share was made; and three years afterwards, another call for a like amount. At that time 4,500 new shares were issued, owing to the purchase of the business of Woodcock, Sons & Eckersley. As amalgamations were effected the capital was from time to time increased, and the reserve fund was proportionately increased, until to-day the total subscribed is represented by £8,542,500, and the amount paid-up by £1,708,500, while the reserve fund stands at a similar substantial sum.

In 1877 Parr's took over the private bank of F. W. Jennings, of Leek; in 1878, Dixons & Co., of Chester; and in 1883 the National Bank of Liverpool was absorbed. The bank having greatly strengthened its position in the north, the next thing was to make a move south, and all eyes were turned on London. Every bank director and

manager of a clearing-bank knew perfectly well that all Parr's was waiting for was an opening, since for Mr. John Dun to have made up his mind to carry through any project it might be considered as good as accomplished. It was not long before it became known that Parr's had actually achieved their ambition. An extraordinary general meeting of the shareholders was held at Warrington on 25th July, 1891, when the chairman said, "The total turnover of the bank amounted to a large sum in the past year, and of this amount rather more than one-half passed through London; and it is partly for this reason, and partly also in order to take the place which we believe our large transactions and important banking position fully warrant, to secure the advantages of a share of London business, an opening to the London market for the employment of surplus funds, admission to the London Clearing House, and to obtain greater capability for giving increased facilities to our commercial friends in Warrington, Liverpool, and elsewhere, that your directors have for some time past considered it desirable to seek an opportunity for an union with some good bank in the city of London, whereby the objects they

had in view might be attained, and they have now the honour and pleasure of announcing that an arrangement for an amalgamation has been concluded between the partners of the very old established and much-respected banking firm of Fuller, Banbury, Nix & Co., of 77 Lombard Street, London, and Parr's Banking Company, whereby your bank obtains entrance to London, and, by means of a first-class connection in the city, will command all the advantages I have enumerated, besides many others which such a position may be expected to afford." Such was the announcement. London bankers were in no way surprised, they had expected something of the kind, although few thought that little Fullers would have been the house selected. As Fuller's had for many a long year enjoyed a seat in the House, Parr's naturally inherited it. But all the London bankers were cognizant of one thing: they had now in their midst a most capable and formidable rival, and it would be incumbent upon them to put out all their powers if they did not want to be left behind in the running. All knew that Parr's had come to stay, and that the management were determined to forge their way ahead. Few were pre-

pared for the announcement in 1892 that Parr's had secured the Alliance, a most important joint-stock bank with a very extensive stock exchange connection, as well as a very wide general business. The advantage of this connection was patent to every financial man—Parr's had obtained by this move an admirable output for any surplus funds they might at any time wish to loan. The premises of the Alliance were extensive, the position in Bartholmow Lane and close by Capel Court, and in the heart of the stock-broking world, magnificent. The name was then changed to Parr's Banking Company & the Alliance Bank, Limited—a title as unwieldy as it was unnecessary. Little or no wonder was expressed when some few years later this cumbrous nomenclature was altered to Parr's Bank, Limited. The general public is not by any means in favour of long rigmaroles as the designation of firms, and experience shows that the shorter the title the more it is appreciated.

In 1894 Parr's was fortunate in arranging terms of amalgamation with the old and highly respected private bank, Sir Samuel Scott, Bart., & Co., of Cavendish Square; and in the same year the private

bank of Shrubsole & Co., of Kingston-on-Thames, was purchased. This was a comparatively small institution, but very sound, and with a remarkably good reputation. Two years later the business of the Consolidated Bank, in Threadneedle Street, was purchased, thus gaining Parr's a further fine stock exchange connection. Two years later the Derby & Derbyshire Banking Company, Limited, was absorbed. In 1900, by a capital stroke of business, Parr's took over Dumbell's, of the Isle of Man, practically *the* bank of the island, and in 1902 a splendid new footing in Leicestershire was obtained by the absorption of Pare's Leicestershire Banking Company, Limited.

The reserve fund of a bank we consider a most important item, and with regard to Parr's it is interesting to note that, started in 1865 with £1,000, it was continuously and steadily increased year by year. In 1871 it reached £54,921, when £45,921 was written off the purchase account. The following year the additions made brought the fund up to £25,000, and ever since continuously additions have been made with the result that to-day the amount of the reserve equals the paid-up capital. When the amalgamation took place with the Alliance in 1892, the reserve

fund was increased to £1,000,000—now it stands at £1,708,500, a figure which should put to rest the minds of all shareholders so far as the stability of the bank is concerned.

We have not a copy of the first published balance-sheet of the bank before us, but we are in a position to give the most important items. For 1865 the figures were:

Capital issued	...	...	...	£1,000,000
Capital paid-up	...	...	...	100,000
Reserve Fund	...	...	...	<i>nil.</i>
Deposit and Current Accounts	...	...	...	905,561
Acceptances	...	...	...	1,208
Purchase Account	...	...	...	100,000
Balance of Profit and Loss	...	...	...	11,304
Cash in hand, at Bank of England, and at Call and Short Notice	...	...	...	150,631
Investments	...	...	...	67,948
Bills Discounted and Loans	...	...	...	839,086
Preliminary Expenses	...	...	...	862
Bank Premises and Furniture	...	...	...	5,577

After glancing at these figures it will be of interest to look at the last published balance-sheet,

and make a comparison. After forty years of work the bank published the following statement as recording their position on the 31st December, 1904:—

GENERAL BALANCE, 31ST DECEMBER, 1904.

Liabilities.

	£	s.	d.
Capital—85,425 Shares of £100 each	£8,542,500	0	0
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To Amount paid up—£20 per Share on 85,425 Shares ..	1,708,500	0	0
„ Reserve Fund	1,708,500	0	0
„ Due by the Bank on Current Accounts, Deposit Accounts, Deposit Receipts, and Circular Notes	28,492,243	17	0
„ Notes in circulation in the Isle of Man... ..	9,578	0	0
„ Drafts Current (payable within 21 days), Customers' Acceptances advised, etc.	365,831	11	3
	<hr/>		
„ Acceptances on behalf of Customers	28,867,653	8	3
„ Foreign Bills Negotiated...	3,531,052	3	6
„ Dividend to be now paid...	42,832	0	11
„ Bonus of 1 per cent. ...	162,807	10	0
„ Bank Premises Account ...	17,085	0	0
„ Officers' Pension and Provident Fund	10,000	0	0
„ Balance of Profit and Loss, carried forward	5,000	0	0
	75,647	17	7
	<hr/>		
	270,040	7	7
	<hr/>		
	£36,128,578	0	3
	<hr/>		

		<i>Assets.</i>					
		£	s.	d.	£	s.	d.
<i>By</i>	Cash on hand and at Bank of England..	4,764,414	0	0			
	„ Money at call and short notice	5,858,652	14	7			
	„ £1,000,000 Consols at 85	850,000	0	0	10,623,066	14	7
	„ Other Imperial Government Securities (of which £240,000 lodged as security for Public Accounts and the Note Issue in the Isle of Man) British Railway Debenture and other first-class Stocks	2,317,619	18	-	3,167,619	18	4
					18,790,686	12	11
	„ Bills Discounted				2,884,713	1	2
	„ Loans and Advances to Customers, after deducting provision for all bad and doubtful debts, etc.				15,543,354	15	8
	„ Acceptances on behalf of Customers, as per contra				3,531,052	3	6
	„ Foreign Bills Negotiated, as per contra				42,832	0	11
	„ Bank Premises and Furniture				835,939	6	1
					£36,128,578	0	3

When the first report was issued the bank had branches at Northwich, Runcorn, St. Helen's, Widnes, and Winsford. In 1891 the head-office was removed from Warrington to London, Lombard Street, and when the amalgamation with the Alliance took place it was again removed to Bartholomew Lane, the premises



there being only recorded as the registered office. At the present time the bank has branches in all the important or rising London suburbs, as well as a splendid country connection. The directors and managers of this bank have achieved their ambition; they have succeeded in making Parr's a power in the financial world, an institution whose opinion carries great weight, a rival which has worked its way steadily upwards till it to-day holds the proud honour of being one of the first six banks in the country.

CHAPTER XVII.

MESSRS. ROBERTS, LUBBOCK & Co.

YEAR by year, for a long time past, the private banks in this country have been steadily decreasing in number owing mainly to amalgamation, absorption or purchase. Since some of the joint-stock banks in the provinces were able to get into London and obtain a seat in the Clearing House there has been a steady tide of absorption flowing, each bank having a deeply rooted idea that it must attain as quickly as possible a topmost position amongst the joint-stock banks in the metropolis. The three greatest rivals in this direction have been Lloyds, Parr's, and the London, City & Midland, with the Metropolitan of England and Wales and the Capital & Counties following in the rear. Not only the joint-stock but private banks have come under the sway of the great amalgamators. Of the private banks, all of which had seats in the Clearing House, there have disappeared in comparatively recent years, Messrs. Barclay & Co., Messrs. Barnett, Hoares & Co., Messrs. Bosanquet,

Salt & Co., Messrs. Dimsdale, Fowler & Co., Messrs. Fuller, Banbury & Co., Messrs. Prescott & Co., Messrs. Smith, Payne & Smiths. In addition to these, Messrs. Glyn & Co. have registered themselves as an unlimited, and Messrs. Martin & Co., as a limited company. Thus it is that at the present moment Messrs. Robarts, Lubbock & Co. have the proud distinction of being the sole remaining purely private bank in the "House." In 1854, when first the joint-stock banks were admitted, the number of private firms already enjoying seats was twenty-five. The last of the old private banks in London to succumb to the wiles and fascinations of the amalgamator was the highly respected and very old house of Smith, Payne & Smiths. So that the subject of this chapter is now the only survivor of all the old private banks in the City, and can date its origin as far back as 1772. It has held its own for more than 130 years in spite of the many financial crises which have occurred during that long period; it has faced all the keen competition of the joint-stock institutions of to-day, and it has refused all tempting suggestions to sink its identity by purchase or absorption by any of the joint-stock banks be the offers

never so tempting. Other equally old, or even older houses have succumbed to the wiles of the tempter, but the firm of Robarts, Lubbock seems as though it could easily be in the running in a century hence, as it is to-day.

The bank was established as far back as 1772, it being started on February 5th of that year at 11 Mansion House Street, under the name of Messrs. Lemon, Buller, Furley, Lubbock & Co. Two years later the name appears in the list of bankers as at the address 14 Abchurch Lane; but the change could only have been temporary, as, in 1776, the firm was conducting business at 11 Mansion House Street as before, the title then being Sir William Lemon, Buller, Furley, Lubbock & Co. Thus it continued till 1782.

In 1785 Sir William Lemon's name disappears, and Mr. Bosanquet joins the firm, the title then appearing as Forster, Lubbock, Bosanquet & Co. A Mr. Bosanquet appears to have been connected with the bank till 1800, when he left, and entering into partnership with Messrs. Beachcroft & Reeves, opened a banking house at 78 Lombard Street, under the name of Bosanquet, Beachcroft & Reeves.

In 1801 the name "Lubbock" appears as "Lubbocks," from which one infers that other members of

the family must have joined the firm, which was then styled Forster, Lubbocks, Forster & Clark—the name Clark then appearing for the first time. In 1812 another of the Forster family seems to have been elected a partner, as the title of the firm at that date was Forster, Lubbocks, Forsters & Clark.

Two years later another change took place in the name, as it is given as Lubbock, Sir John, Bart., Lubbock, Forsters & Clark. In 1820 the house was known as that of Sir J. W. Lubbock, Forster & Clark. The name of Clark disappeared in 1839.

In 1860 an amalgamation took place between this house and that of Robarts, Curtis & Co., and from that time business has been carried on at 15 Lombard Street.

A word or two about Robarts, Curtis & Co. This firm first appears, under date 1792, as Robarts, Curtis, Were, Hornyold, Berwick & Co., carrying on business at 35 Cornhill, City, but five years later they removed to 15 Lombard Street. In 1799 the name Berwick does not appear in the title of the house.

In 1802 the list of bankers gives Robarts, Curtis, Hornyold & Co., as of 18 Exchange Alley; but,

three years later, business was again conducted at 15 Lombard Street, under the title of Robarts, Curtis, Robarts & Curtis. The name was again changed in 1818 to Sir William Curtis, Robarts & Curtis. Another change took place in 1854, when the firm's designation was altered to Robarts, Curtis & Co. This title was retained till 1860, in which year an amalgamation was effected with Lubbock, Forster & Co. Two years later the title of the bank was again altered, this time to Robarts, Lubbock & Co., the title it enjoys at the present time.

At the present time the partners of the firm are :

The Right Hon. the Lord Avebury.

Abraham John Robarts, Esq.

William Cotton Curtis, Esq.

Henry James Lubbock, Esq.

Beaumont William Lubbock, Esq.

Cecil Chaplin, Esq.

Thomas Edward Robarts, Esq.

Hon. John Birkbeck Lubbock.

George Cotton Curtis, Esq.

That these gentlemen are admirably adapted to the important position they hold there can be no question, since, as we have already stated, the history

of the bank shows a continuous progress. This can be readily seen by a glance at the appended copy of the last published balance-sheet.

BALANCE-SHEET, 31ST JANUARY, 1905.

<i>Liabilities.</i>		£	s.	d.
To Paid-up Capital and Reserve Fund..	...	500,000	0	0
„ Current and Deposit Accounts	... ..	3,585,455	12	7
„ Acceptances against Approved Securities	...	70,070	1	6
		£4,155,525 14 1		
<i>Assets.</i>		£	s.	d.
By Cash in hand and at Bank of England	..	855,585	19	3
„ Cash at Call and at Short Notice	... ..	1,002,700	0	0
„ Consols 2½ per cent. Stock				
£400,000 at 85	... .. 340,000 0 0			
„ Transvaal 3 per cent. Stock				
£100,000 at 97	... .. 97,000 0 0			
		437,000 0 0		
„ Indian and Colonial Government Securities				
and English Corporation Stock	... ..	141,412	15	4
„ English Railway Debentures and Preference				
Stocks and other Investments	... ..	159,227	8	9
„ Bills Discounted, Loans and Advances to				
Customers	... ..	1,359,783	6	7
„ Liability of Customers for Acceptances per				
Contra	.. ..	70,070	1	6
„ Freehold Bank Premises	... ..	129,746	2	8
		£4,155,525 14 1		

And now a word or two about Lord Avebury, the head of this old, influential and respected banking-house. He was born 30th April, 1834, and educated

at Eton. He succeeded as fourth baronet in 1865. In every respect he is one of the most remarkable men of his time: his fame is world wide. He is one of the leading lights in the financial firmament, to whom all bankers turn. Nor is it in the banking world alone that he stands out pre-eminent. Amongst the scientists and men of letters he is regarded as one on the topmost rungs of the ladder of fame. His deep thought, his great capacities for, and patience in investigating small things, and his remarkable ability in publishing the result of his deep and astute researches in an unusually easy style have made his books on everyday subjects exceedingly popular. The young men of to-day when they are starting in business cannot possibly do better than read and carefully think over his advice on work, rest, and recreation. On all banking matters he has for many years past been regarded as one of the greatest authorities of the period, and in everything connected with finance generally he is equally at home. He is the head of the largest financial institution in the world—the London Bankers' Clearing House—he is chairman, also, of the London Bankers' Association, and of the Central Association

of Bankers. He was unanimously elected some twenty-one years ago president of the Bank Clerks' Orphanage, an office which he has ever since occupied.

In 1900 he was created Baron Avebury, of Avebury, Wilts.

He is a trustee of the British Museum; hon. D.C.L. of Oxford; hon. LL.D. of Cambridge, Dublin and Edinburgh; hon. M.D., Würzburg; president of the Linnean Society, of the London Chamber of Commerce; vice-president of the Royal Society; a J.P. and D.L. for Kent; a Lieutenant for the City of London; a Commander of the Legion of Honour; and for some time chairman of the London County Council. For many years he has been a privy councillor.

We have here given only a few of the distinctions enjoyed by his lordship, and have omitted altogether the honours conferred on him by foreign countries.

With the *people* he is best known as Sir John Lubbock, whose name has and always will be connected with bank-holidays. It is quite possible, nay more than probable, that when Sir John introduced his bill into the House he had no idea how far reaching would be its effects. The House, always

attentive to anything that fell from his lips, listened in astonishment. The usual course of discussion took place, and in due course the bill was passed and entered on our statute books. It very soon became apparent that it affected rich and poor alike—the wealthy banker or merchant had his day's holiday, so did the office-boy and the factory-girl; the government officials and the stockbrokers had a holiday, so did the typeists, the shop-girls, and the dress-makers. It was a grand idea—nobly conceived and ably carried out. It is now compulsory that many hundred of thousands of toilers should have each year a certain few days rest, which in many instances they would never have obtained. And for this the name of Sir John Lubbock (Lord Avebury) is held in deep affection all over the country.

It is with regret we cannot give a fuller and more detailed account of this old house which was founded in the years of long ago, when the idea of joint-stock banking had not even been conceived, when the bankers of London were simply "goldsmiths kepeing running cashes."

CHAPTER XVIII.

THE UNION OF LONDON & SMITHS BANK.

Few, if any, banks have been so prominently before the public during recent years as this great institution, whose head office occupies one of the finest, if not the finest position in London. A magnificent stately stone building, it stands at the corner of Princes Street and Cheapside, facing the Old Lady of Threadneedle Street, looking down upon the Mansion House, at the meeting of seven main roads—Princes Street, Threadneedle Street, Cornhill, Lombard Street, King William Street, Cheapside, Queen Victoria Street, as well as other thoroughfares of minor degree. But the business is as important as the building in which it is conducted, since after many years of comparative quiescence the Union of late years has wakened up to the importance of its position in the banking world, and has recognized the weight of its responsibilities, and consequently, has started quite a new era of activity with apparently the view of keeping pace with the rapid strides the

banking world is making, and determined not to lose its place in the running, but to maintain its position against the terribly keen competition of to-day. As things are now there is no standing still, no resting on one's oars, one must either swim with the tide or be hopelessly stranded in the course of time. When the Union wakened up, the directorate realized their position, they put new fire into their work, they made up their minds they would hold their own, and would not tolerate the idea of the younger institutions supplanting them in the world's opinion, and so determined to launch out on quite different lines. They would no longer be content with the limited scope of their already great business; there were fields hitherto practically untrodden, they must enter them. Although the tide of amalgamation was very strong, and almost at flood, there were even yet many thoroughly sound and very old institutions which had not listened to the seductive voice of the charmer. Perhaps they could play a more attractive and alluring tune: if so, why should they, too, not join the ranks of the progressives? The result was long in coming, but it is with us now, as we shall presently show.

The Union is one of the oldest of the joint-stock banks in the metropolis. It was founded on 4th February, 1839, with a capital of £3,000,000 divided into 60,000 shares of £50 each, of which 42,290 were issued, and £5 per share was paid. Two years later a call of £5 per share was made. The remainder were reserve shares, and were issued at a premium of £5 per share in 1854. In 1860 a portion of the reserve fund was capitalized, £2 being credited to the amount paid on each share. The year 1860 is one which the bank will never forget, as it is "writ large" in its annals by reason of the great "Pullinger" frauds. Pullinger was at that time the chief cashier of the bank, a position which he had long held, and it was in 1860 that it was discovered that he had embezzled something like a quarter of a million pounds sterling. On this discovery being made the directors acted with courage and energy. The blow was a heavy one, could its effects be moderated? Again, was it not the right of the proprietors of the bank—the shareholders—to be told bad news as well as good? The board soon arrived at a decision: a circular was sent round to the shareholders informing them not only of the magni-

tude of the loss, but also the plan by which it was proposed to meet it. There can be no question that this prompt action on the part of the management redounded to the credit of the bank. The fearless manner in which a catastrophe was met, although causing a feeling of regret on behalf of the shareholders, confirmed them in their high opinion of the management by the way in which they faced the tremendous loss. The circular stated that it was intended to meet the loss in the following manner:

The Amount Credited out of Profit on Capital Account, as stated was withdrawn ...	£120,000
Written off Reserve Fund ...	100,000
Taken from current Profits, say,	30,000
Total, say,	<u>£250,000</u>

That the course adopted by the directors was a wise one was amply demonstrated by the immediate results. Instead of the credit of the bank being decreased it was greatly enhanced, and the customers, who had experienced a nasty shock, were more than reassured, and the business of the Union, instead of decreasing, steadily progressed to such an extent that after the

lapse of two years no less a sum than £120,000 was re-credited to capital account. Thus each share at that time was credited with £15 paid. During 1864 the capital was increased to £4,000,000 nominal and £1,200,000 paid-up, by the issue of 20,000 new shares at a premium of £15 per share. In 1872 a further 10,000 new shares were issued, also at a premium of £15, and the amount received on account of premium was credited to the reserve fund. In 1874, out of surplus profits, the directors declared a bonus of 10s. per share by again crediting that amount as paid up on each share on account of capital.

It was in 1882 that the bank was registered as a limited company, when the nominal capital was increased to £11,000,000, and 20,000 new shares issued at a premium of £12 10s. per share. The whole of the share capital was doubled, £50 per share being added to the nominal or face value. This brought up each share to the value of £100, with £15 10s. paid, and, what was most important, £50 of the balance due per share was fixed as "reserved liability," only to be called up in case of the bank having to go into liquidation. At the

present time, by reason of increase of business and acquisition of other banking institutions, the authorised capital has been increased to £25,000,000, of which £23,934,100 has been subscribed, and £3,554,785 10s. paid up.

We have not been able to procure a copy of the first balance-sheet published by the Union, but we find that at the end of the first year of its establishment the directors allocated a certain proportion of the profits as the nucleus of a reserve fund, which has been steadily increased till it now stands at £1,150,000.

The bank started with its head offices at 8 Moor-gate Street, and remained there till 1845, when premises were taken at 2 Princes Street. These premises were rebuilt in 1885, the premises of the Azienda Insurance Company on the one side, and those of the world-famed tavern, "The European," on the other were procured.

It was not till 1840 that the Union opened its first branch—in Regent Street, but the following year an office was started at Charing Cross. In 1855 the bank opened a branch at Temple Bar, and four years later took over the business of Messrs. Dixon & Co.,

private bankers, in that district. Since then the capacious premises in Chancery Lane have been erected, and the business of this branch has been transferred there—a splendid move on the part of the bank—which has ever since proved most successful and profitable. It was in 1870 that the Union started business at Holborn Circus, and the Bayswater branch was opened in 1882. In 1886 the Fenchurch Street branch was opened, and almost at once the bank decided very wisely to put this branch in the “Clearing.” The same year the Union took premises and opened a branch in Tottenham Court Road, although there they had to compete with the London & Westminster, the Central, and the City. The venture was very successful, and the directors must congratulate themselves on the decision. In 1888 a branch was started at Chelsea, in Sloane Street, and in 1892 at Southwark.

In 1891 the Union took over the old private bank of Chasemore & Robinson, of Croydon, and with this connection opened a branch in that most important suburb.

We learn that in the balance-sheet for the half-year ended 30th June, 1840, the total of the current and

deposit accounts was only £377,000. Considering this total, and that for the year ended 31st December, 1904, the difference is most surprising. The balance-sheet, as published for the half-year ended 31st December, 1904, was:—

STATEMENT OF ACCOUNTS FOR THE HALF-YEAR ENDING
31ST DECEMBER, 1904.

General Balance.

<i>Dr.</i>	LIABILITIES.	£	s.	d.
Capital subscribed £22,934,100 in 229,341 Shares of £100 each ; paid up £15 10s. per Share ...		3,554,785	10	0
Reserve Fund—				
Invested in Consols, Local Loans Stock, and Transvaal Government 3 per cent. Guarantees Stock as per Contra		1,150,000	0	0
Deposits and Current Accounts		34,337,250	16	2
Acceptances and Guarantees		2,157,637	16	2
Liabilities by indorsement on Foreign Bills sold		13,319	9	4
Other Liabilities, being interest due on Deposits, unclaimed Dividends, &c.		445,523	12	1
Rebate on Bills not due		23,051	7	2
Profit and Loss—				
Balance brought forward ...	£55,987	16	0	
Net profit for the half-year ending 31st December, 1904	213,425	19	11	
		<hr/>	269,413	15 11
			<hr/>	<hr/>
			£41,950,982	6 10
			<hr/>	<hr/>

Cr.	ASSETS.					
	£	s.	d.	£	s.	d.
Cash in Hand	3,264,723	15	6			
„ in Bank of England ..	3,692,518	17	3			
	<hr/>			6,957,242	12	9
Money at Call and at Short Notice... .. .				6,280,641	9	9
Investments—						
Securities of and guaranteed by the British Government	2,963,674	16	5			
Indian Stock and Indian Railway Guaranteed Bonds	382,436	6	0			
English Corporation Stocks, Railway and Waterworks Debenture and Preference Stocks, Colonial Stocks, Foreign Government and Railway Debenture Bonds	1,186,464	10	6			
Other investments	52,571	12	10			
	<hr/>			4,585,147	5	9
Reserve Fund—						
£560,000 Consols at 85						
£510,000 Local Loans Stock, at 96						
£192,100 Transvaal Government 3 per cent. Guaranteed Stock, at 96	1,150,000	0	0			
	<hr/>			5,735,147	5	9
Bills Discounted—						
(a) Three months and under	4,657,742	11	1			
(b) Exceeding Three months	505,501	7	11			
	<hr/>			5,163,243	19	0
Loans and Advances... .. .				14,299,819	3	7
Liabilities of Customers on Acceptances and Guarantees, as per Contra				2,157,637	16	2
Liabilities of Customers for indorsements, as per Contra				13,319	9	4
Bank Premises, chiefly freehold				1,214,243	18	8
Other Assets, being interest due on Investments, &c.				129,686	11	10
	<hr/>			£41,950,982	6	10
	<hr/>					

So far as to-day is concerned the *mot d'ordre* is amalgamation. The directors of the Union have grasped that, and with their new energy have proved themselves not a whit behind, and perhaps far in advance of many of their confreres. They have arranged and completed terms of amalgamation with one of the most important and best-known private banks in the financial world—Messrs. Smith, Payne & Smiths—whose reputation was world-wide, whose connection was very extensive, and at the same time very select and valuable, whose standing in the city as an old private bank stood second to none except Martin's—who had registered under the Limited Liabilities Act—and to Robarts, Lubbock & Co., the only remaining private bank in the Clearing House. In taking this great step in advance they not only took over the London business of Smith, Payne & Smiths, but also that of several private institutions connected with the Lombard Street firm by connection or otherwise with old-established and widespread businesses in the country. This at once raised the Union many points in the estimation of their London competitors. For many a year previously several of the great joint-stock amalgamating banks had cast

envious eyes on the magnificent business of Smith, Payne & Smiths, but without result. The Union did the successful wooing and winning. To say that London bankers were surprised at the announcement is putting the matter too mildly—they were all non-plussed. It had been thought that Smith's would have followed the example of Barclay's, and made a combination of their own institutions and those in which they were directly or indirectly interested, and, therefore, no one would have been an atom astonished if they had heard or read of terms of arrangement having been entered into between several private banking companies, and a limited company being registered under the Act;—in any case the amalgamation between the Union and Smiths was equally advantageous, the latter retaining the freehold of their extensive premises, worth an almost fabulous sum.

Not content with this splendid stroke of business—the securing of a house of so great antiquity—the directors took another most important step. They managed to secure, on equitable terms, the old established house of Prescott, Dimsdale & Co., of Cornhill—another bank with a seat in the “House”—and one with a very extensive connection in the West

of England. After this second big amalgamation the Union of London had, of necessity, to alter their title, and the directors decided to make it as short as was compatible with public requirements. They therefore styled their institution—the “Union of London & Smith’s Bank, Limited.”

The bank, as now constituted, has a splendid forward career in front of it, and we have no doubt that with a continued strong management it will maintain, if not accentuate the rapid growth it has made in recent years. Even yet with all the competition—keen though it is—there is plenty of room in the suburbs for further extension—and still more in the provinces. At present there are many districts quite inadequately supplied with banking accommodation: there are others which, so far, have hardly been touched. With their magnificent head office, their great funds, and their able management, the directors of the Union will probably before long climb up another rung or two on the ladder of progress.

Since this date the Union have taken over the following private banks:—

Messrs. Butcher & Sons.

Messrs. Hilton, Rigden & Co.

Messrs. Sanders, Snow & Co.

As it may be of interest to take a cursory glance at the two grand old houses taken over by the Union, we give a short account of them.

MESSRS. SMITH, PAYNE & SMITHS.

This was one of the oldest private banks in London, and is particularly interesting, since it was at one time so intimately connected with the London Bankers' Clearing House. Prior to the erection of the present Clearing House the "clearing" clerks used to meet in a room in the banking house of Messrs. Smith, Payne & Smiths. Although we have not been able to obtain any definite information as to the date when the occupancy started we have been creditably informed that in 1827 "the Clearing House or office adjoined the bank of which it formed part."

This famous banking house had a most interesting origin. In a large town in the midland counties lived a draper, whose name was Smith, and whose shop was much patronised by the farmers' wives and daughters, While the good ladies were shopping, the farmers were busy transacting their own business, and naturally called back at the draper's to pick up their lady companions. They would adjourn into a comfortable little parlour at the back of the shop, where

they would discuss affairs in general, and the state of the roads in particular—the state so far as safety from highwaymen and footpads was concerned. In those days travelling at night was unsafe and hazardous. Add to this the fact that the farmers would frequently have in their possession large sums of money, and it will be at once gathered that a certain amount of courage was necessary to undertake the homeward journey unprotected.

Mr. Smith realized this, and hit upon a happy idea, and suggested to the farmers that he would willingly take charge of their surplus money, and they could get it from him whenever they pleased. The suggestion met with great favour, as it ensured safety and obviated anxiety. The honest and straightforward draper soon found himself the custodian of considerable sums of money: he then astonished his customers by announcing that he would offer them on any sums they liked to entrust him with, or rather on the balance left with him, a small rate of interest. The natural consequence was that the amount of the deposits rapidly increased. Year by year the business of the mid-country draper continued to increase, and to such an extent that it was found

essential that a separate department should be opened to meet the banking requirements of the customers, who flocked from far and near. At last the drapery business was entirely dropped, and all attention was given to banking.

His son, besides continuing business at Nottingham opened offices at Hull and Lincoln. Presently it was found needful to have a London representative, and Mr. Payne was selected. The choice turned out a very happy one. In 1759 the name appears in the directory as Smith & Payne, of Lothbury, and in 1770 they removed to 18 Lombard Street. In 1773 the firm was Smith, Payne & Smith, of George Street, Mansion House. In 1785 it was Smith, Payne, Smiths & Payne, but in 1786 the second Payne disappeared, and the firm traded as Smith, Payne & Smiths.

The bank is first recorded as at No. 1 Lombard Street, in 1830, a building still used by the now amalgamated banks, the business of the now defunct "house" being still carried on there. In this particular we must record that there is no bank in London—other than the Bank of England—enjoying so magnificent a site. Not only does the freehold of No. 1 Lombard Street, belong to the Smith family,

but the whole of the land bounded by Lombard Street, St. Swithin's Lane, George Street and Mansion House Street respectively—a freehold site the value of which can only be dreamed of, but which, sold under the hammer, would cause the greatest sensation of many centuries past.

There is a good tale told of a young woman, who was brought many years ago before a London magistrate for vagrancy. On being asked her name, she replied that it was Smith. Her interrogator then wanted to know whence she came, and what was her father's occupation. The worthy magistrate was astounded to learn that her father was a banker at Nottingham. At once the renowned Nottinghamshire banker flashed before him, but the appearance of the young woman seemed to belie her relationship to so wealthy and respectable a gentleman. As, however, she persisted in her statements, and said, moreover, that she had been obliged to leave home because her father could not afford to keep her, the magistrate was more and more mystified, and remanded her while inquiries were instituted. A clergyman of Nottingham was communicated with, who shated that the young woman was not the daughter of the renowned banker,

but of a mud banker in the fens, and that her father had been compelled through her misconduct to refuse to support her. He further stated that the labourers engaged in draining the water from the fens were called bankers—hence the term “country banker.”

PRESCOTT, DIMSDALE & Co.

This bank, though to all intents and purposes a private institution, was yet a company registered under the Joint Stock Companies' Act. Like Barclay's it was a combination of several private banks—namely, Prescott, Cave, Buxton, Loder & Co., and Messrs. Dimsdale, Fowler, Barnard & Dimsdale, of London; Messrs. Miles, Cave, Baillie & Co., of Bristol; and Messrs. Tugwell, Brymer & Co., of Bath. When the amalgamation, which came quite as a surprise, took place, the name of the firms was altered to Prescott, Dimsdale, Tugwell Co., Limited.

PRESCOTT & Co.—This bank had but little history. It was started in Threadneedle Street, and it was practically in the same spot that business was conducted at the time of the amalgamation with Messrs. Dimsdale, of Cornhill. It was founded as far back as 1766, with the title of Prescott, Grote & Co., and

it was first opened for business at 57 Threadneedle Street. It is not quite clear when the business was transferred to No. 62, but that is the address given in the directory for 1776, when the title of the bank appears as Prescotts, Grottes, Culverden & Hollingsworth. In 1797 the name of Culverden does not appear, the firm standing as Prescott, Grote & Hollingsworth. Two years later the name Hollingsworth disappeared, and another Prescott came on the scene, the title then being changed to Prescott, Grote & Prescott. After sundry changes the name of the firm was known in 1876 as Prescott, Cave & Co., and this title was retained until the amalgamation.

DIMSDALE & Co.—After much enquiry we have been entirely unsuccessful in tracing the exact date of the establishment of this very old private house, but it is quite clear that it must have been established prior to 1762. One interesting point is this, that like all bankers or goldsmiths of or about this date, it had its distinctive sign, and was better known by the name of "The Golden Helmet and the Golden Bear," than by the name of the partners themselves. In 1770 business was carried on at 50 Cornhill, by Messrs. Cornwall, Staples & Watts. About the same

time Messrs. Dimsdale, Archer, Hyde, Dimsdale & Co. were in business at 2 White Hart Court. In 1779 an amalgamation took place between the two firms. The two united firms carried on business in a satisfactory and progressive way till 1852, when an amalgamation was effected with the old private house of Drewett, Fowler & Co., when the name of the united firms was altered to Dimsdale, Drewett, Fowler & Barnard. In 1866 the name Drewett disappeared, and later the title was changed to Dimsdale, Fowler, Barnard & Dimsdale.

The firm of Drewett & Fowler was founded late in the last century by a bill-broker named Mr. Joseph Smith, who was a partner in the firm of Birkbeck & Co., of Settle. Mr. Smith had in his establishment a clerk named Holt, whom he afterwards took into partnership, and the style of the house was altered to Smith & Holt. In 1809 it was known as W. Holt & Co., Mr. Smith having retired and a Mr. Drewett having been taken in as a partner. In 1823 Mr. Holt died, and Mr. Thomas Fowler joined the firm, which was then known as Drewett & Fowler. Referring to this bank the *City Press* said: "It is always a pleasure to note the history of old firms,

but it sometimes happens, as in the case of this house, that although there have been times of great depression and feverish excitement, enormous speculations and tremendous failures, that throughout it all the 'even tenour of its way' is pursued, so that beyond the bare record of the changes which the stern hand of Death invariably necessitates, there is but little else to record. The bare fact of a bank established considerably more than a century ago being able to still maintain its richly-merited confidence, and unsullied name, in spite of the keen competition of the present time, speaks volumes to its credit. At times of great financial crises, and exceptional disturbance in the banking world, when many houses of long standing were either actually stopping payment, or tottering to their fall, the firm of Messrs. Dimsdale & Co. has stood its ground firm and unshaken. Though joint-stock banks have sprung up on all sides of us, with their enormous capitals, and unlimited resources, offering banking facilities in earlier times unthought of, yet this house, more than twice the age of the oldest joint-stock bank, not only keeps in the running, but, what is more, enjoys as high, if not higher, a reputation than ever.

“To the City this house is of especial interest, because one of its chief members is Sir Robert Nicholas Fowler. This gentleman was elected Alderman for the Ward of Cornhill in 1878. Two years later he was elected Sheriff for London and Middlesex. In 1884 he enjoyed the highest civic dignity, as he represented London as its Lord Mayor. It was during his mayoralty that Prince Leopold, Duke of Albany, died, and the Inner Circle Railway was opened. The following year the then Lord Mayor (Mr. Alderman Nottage) died in office, and Mr. Alderman Fowler was unanimously elected to take his place, and before his second term of office had expired her Majesty conferred a baronetcy on him.

“Sir Robert Fowler was well-known as a politician, and, when he addressed the House, always spoke straight to the point. Mr. Gladstone, addressing Mr. Fowler at the banquet on November 9th, 1883, said, ‘I have always known you as a frank, bold, and courageous opponent in the House of Commons.’”

After the amalgamation it was decided that the head office should be in Cornhill instead of Threadneedle Street, so the business of Messrs. Dimsdale was transferred to the latter address during the

demolition of the Cornhill premises. This took a considerable time and evoked a great amount of interest. It was decided to build a double basement, and that necessitated sinking the foundations to a depth of from 30 to 40 ft. Archæologists all over the country watched the progress of the excavation with the keenest interest, and were well rewarded for their pains. The deeper the excavations became the more treasures were found. These consisted of all sorts of Roman relics—pottery, spearheads, and the like, with now and again articles of antiquity which reminded one very forcibly of those of to-day. The old Roman wall which in ancient times surrounded Londiniensis was struck at an angle, and for days strenuous endeavours were made to remove it. It was about 20 ft. below the level of the street—but the stone, or concrete which answered the purpose of stone, was of such a nature that the edges of the chisels were turned as though they had been made of tin. Finally, it was decided that no further money should be spent on such unremunerative work, and, consequently, to-day in what become the head office of Prescott Dimsdale's bank — and now is the Cornhill branch of the Union of London and

Smiths—there can be seen in one of the vaults the angular portion of what at one time, in the days of long ago, was part of London's fortifications. "While writing on this subject," says a well-known authority, "I may mention that when the old house was being demolished I saw close by, in fact, adjacent to the old Roman wall, a portion of what appeared to be a tomb covered over with a very thick block of stone. Much curiosity was evinced as to what it in reality was, but the investigation started was never pursued. It appeared to me as though it might have been a receptacle for records and documents. Some attempts were made to break away the brickwork, but these failed ignominiously. Numerous human bones were discovered, and at the greatest depth, below the bed of London clay, and buried in the white clay which underlies the London clay, was discovered a skull. To whom it belonged or by what means the owner met with his death will for ever remain a mystery. It was here, too, that the bed of a stream was discovered; whether or not it was once a portion of Wall Brook has not been decided, but there were clear indications that at one time it had been a rivulet." The London wall referred to

above was probably a portion of that which was discovered when "The Woolpack" at the corner of St. Peter's Alley was being rebuilt, and when the foundations of "The Half Moon" at the corner of the main entrance to Leadenhall Market were being laid. The angle in each of the three cases seems to have been almost identical.

CHAPTER XIX.

WILLIAMS, DEACON'S BANK, LIMITED.

THERE is no bank in London enjoying a higher reputation than that of Williams, Deacons. Long before the time of any of the present generation existed this house was flourishing, doing a large business, and earning for itself golden opinions all over the country. It was with a pang of regret that one learned that the partners had decided to combine their interests with those of the Manchester & Salford Bank, Limited, although everybody knew that the latter institution, though of comparatively modern growth, was sound as a trivet, had a splendid connection, and was doing a large and remunerative business. With many folk there is the feeling that if a private bank allow itself to be absorbed by a limited company—be it ever so good—an old landmark has been swept off the scenes. Hence it was that the amalgamation of Williams, Deacons & Co. with the Manchester & Salford Bank, Limited, by no means gave unmixed pleasure and satisfaction.

So far back as 1793 in the "List of Bankers" we find "Williams, Son & Drury, 20 Birchin Lane," and this firm appeared in the "Directory" for 1779 as "Lowe, Vere, Williams & Jennings, of 20 Birchin Lane."

When the house was actually started we cannot trace—but it was "in the days of long ago." It would be exceedingly interesting to find the old records and make from them quotations which would enable us to see what was the nature of the business then. That it was very far-reaching none will doubt, and most probably it was in the nature of that carried on by other goldsmiths—"kepeing running cashes." In the days of wild excitement and mad frenzy attendant on the South Sea Bubble the bank was there, and successfully weathered the terrific crash which followed. The crises of the Bank of England were witnessed and tided over without trouble. The cashiers welcomed all customers on Black Friday. The Baring crisis had no effect. And when we had the Australian Black List constantly growing longer and more serious, business in this bank went on in the usual methodical uninterrupted manner. One

would at these times of stress as soon have expected the Old Lady of Threadneedle Street to close her doors as to have dreamed of any unbearable strain being felt by this old banking house.

The firm were the recipients of all sorts of confidences from near and far. When by chance there was trouble abroad customers would send their valuables for safe custody, and, perchance, some of these packages were never called for. In the times of Continental wars we are informed that it was no uncommon thing for the bank to receive a sealed box or case for safe custody, and it is more than probable that during troublous times at home the bank received like confidences. It was not many years ago when the bank authorities having decided to have a clean-out of their strong-room a singular thing occurred. While moving an old time-worn wooden box the men let it fall. It dropped on one of its corners, which was smashed. To the astonishment of all gold-dust and rough diamonds poured out. The box had been in the bank's custody so many years that the label containing the name and particulars had long since gone, and although the most diligent search was made, no trace could ever be found in

any of the books of the original depositor. We give this as we heard it from one of the officials, but we have not learned what was the actual fate of this most mysterious deposit. And this is only one! How many others may there not have been like it?

The Manchester & Salford Bank with which Williams Deacon amalgamated was established in 1836, and on August 15th of that year commenced business in King Street, Manchester. From the very first substantial progress was made, as will be seen by the following extracts from the report presented at the first annual meeting (August 28th, 1837):—

“The accounts have been made up to the 30th June last, and after all the expenses of outfit have been deducted, as well as an ample sum for dubious and bad debts, the balance of profit, consisting of profit on trade and premium upon shares, has been ascertained to amount to £18,872 2s. 8d., and the statement of the accounts has been examined and signed by three of the directors, in conformity with the eighth clause of the Deed of Settlement.

“The directors have come to the conclusion that in the exercise of their discretion they shall best promote the permanent interests of the company by

carrying the above-mentioned sum of £18,872 2s. 8d. to a 'Reserved Surplus Fund' account; and they esteem it a fortunate circumstance that, after a period of extraordinary reverses in trade and great interruption of business, they are thus enabled to lay the foundation of a Guarantee Fund, so conducive to the prosperity and safety of the bank."

This wise policy was steadily pursued with great advantage to the bank's reputation. The original paid-up capital was £252,000. In 1860, after paying a dividend of 8 per cent., a bonus of 4s. 2d. per share was declared *to be added to the capital stock*, and at the next yearly meeting a similar bonus on the capital was announced, thus raising it to £296,845 15s. 8d. Next year a bonus of 8s. 4d. was similarly distributed, and, in 1863, 4s. 2d. per share. Two years later a bonus of 18s. 9d. per share was declared. In 1874, when the business of Heywood Brothers & Co. was acquired 15,000 new shares were issued, and at a special general meeting in 1877 it was decided to create a further 25,000. At the close of 1880 the paid-up capital was £760,000, which large sum was increased to £1,000,000 on the amalgamation with Williams Deacon in 1890.

When the amalgamation was effected the name of the north country bank was tacked on, and remained so for many years, but, at last, it was decided to take the wise course of altering an unwieldy title to one which could be easily remembered and recorded. So far as the London bank was concerned, even after the amalgamation, the old name was regarded by the public as the only right one.

Below is a copy of the balance-sheet issued by the bank, under date 31st December, 1904:—

		<i>Liabilities.</i>					
		£	s.	d.	£	s.	d.
To Capital: 125,000	£50 Shares				6,250,000	0	0
	Of which paid-up £8 per Share				1,000,000	0	0
	„ Reserve Fund				625,000	0	0
	„ Unpaid Dividends		895	10 0			
	„ Dividend and Bonus, December, 1904	75,000	0	0			
					75,805	10	0
	„ Amount due on Current, Deposit and other Accounts				11,354,456	8	9
	„ Acceptances and Credits opened on behalf of Customers				298,481	11	0
	„ Foreign Bills Negotiated				31,017	0	10
	„ Rebate Account... ..				23,620	9	3
	„ Balance of Profit and Loss carried forward				7,566	5	2
					£13,415,947	5	0

Assets.

	£	s.	d.	£	s.	d.
<i>By</i> Cash on Hand and at the Bank of England ...	1,890,554	15	11			
„ Money at Call and at Notice	1,290,944	2	2			
	<hr/>			3,181,498	18	1
„ British Government Stock, viz. :— £1,111,111 2 0 2½ per cent. Consols, at 85				944,444	8	6
„ British and Indian Govern- ment Securities, English Railway Stocks, &c. ...				1,399,130	14	7
				<hr/>		
				5,525,074	1	2
„ Bills of Exchange ...				2,078,985	11	8
„ Advances on Current Ac- counts and Loans on Security				5,113,616	6	3
„ Acceptances and Credits Issued on behalf of Customers, as per contra				298,481	11	0
„ Foreign Bills Negotiated, as per contra				31,017	0	10
„ Bank Premises in London, Manchester and thirty- five other places ...	480,772	14	1			
<i>Less</i> Depreciation Fund	112,000	0	0			
	<hr/>			328,772	14	1
	<hr/>			£13,415,947	5	0
	<hr/>			<hr/>		



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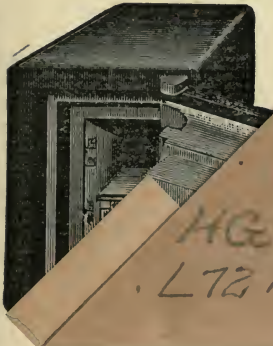
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