Change and continuity: the development of joint stock banking in the early nineteenth century

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Before 1826 the Bank of England held a monopoly on joint stock banking in England and Wales and domestic banking outside London was undertaken by private banking partnerships. The Banking Co-partnership Act, passed in 1826 in an attempt to stabilise the banking system following the financial crisis of 1825, changed the structure of banking in England and Wales by permitting the establishment of joint-stock banks (JSBs) outside a 65 mile radius of London. A total of 138 JSBs were created under this legislation before it was repealed in 1844.[1]

These new joint stock institutions established themselves in direct competition with the private banks and founders of new JSBs were keen to differentiate themselves from their private counterparts. Many such founders were industrialists or traders in the English and Welsh provinces who had suffered from bank failures under the 'old' banking system. They wished to bring about more stable banking that would benefit local and regional economies and industries.

The new JSBs wished to emphasise a break with the past, in particular their stability and ability to withstand 'runs'. It was highlighted that they had a broader and therefore more stable capital base due to their ability to issue shares. They also emphasised that their wealth was not based upon key individuals, family members or merely a few partners, as with the private banks.

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1 Michael Collins, *Banks and Industrial Finance in Britain 1800-1939* (Routledge, London, 1991), 24; W. T. C. King, *The History of the London Discount Market*, (London, 1936), 35-47; Leslie Pressnell, *Country Banking in the Industrial Revolution* (Oxford, 1956).

Yet how different were the new JSBs from their private counterparts? This paper aims to examine both continuity and change within the nineteenth century banking system in England and Wales in order to ascertain the extent to which banks moved from being private firms, often run by families, to becoming organised as more modern corporations in which ownership and control were separated.

The development of banking in England and Wales: London and the 'provinces'

London's role as provider of finance to governments and overseas activities resulted in a concentration of financial services of increasing complexity and sophistication by the mid-eighteenth century. Yet banking activity also took place outside the capital city in the 'provinces' of England and Wales. From the 1780s onwards, the English country banker rose in prominence. The table below shows the increase in their numbers in the late eighteenth century.

Private Banks

Year	Number of private banks	Number of Offices
1784	119	
1793	280	
1802	398	
1820	606	
1825	554	650
1842	311	
1850	327	518
1875	236	595
1900	81	358

Source: Leslie Pressnell, *Country banking in the Industrial Revol*ution (Oxford, 1956), p. 6-7 and 11; S. E. Thomas, *The rise and growth of joint stock banking, 1, Britain to 1860* (1934), p. 656-62; Joseph Sykes, *The Amalgamation Movement in English Banking, 1825-1924* (London, 1926), p. 1; Michael Collins, *Money and Banking in the UK: A History* (London, 1988), p.27 and 52

The renewal of the Bank of England's Charter in 1709 provided the Bank of England with a monopoly of joint stock banking in England and Wales. Any other banking establishments were legally bound to have no more than six partners. Under common law partners in the country banks were jointly and severally liable for all of the debts of their bank. Limits to the amount of money that individual partners could invest meant that country banks operated on a small-scale sometimes run by an individual or less than six partners. In 1822 49 country banks out of a total of 552 had only one partner.[2] Country banks operated at a local level and generally did not establish branches due to the risk that this entailed; i.e. delegating control of a branch and taking the highly risky step of entrusting others with personal assets and liabilities. The resources of a banker were finite but their liabilities were not. The services they provided included deposit-taking, as well as note-issuing, remittance, currency and lending facilities.

By the start of the nineteenth century an extensive banking system had developed in England and Wales. Yet instability in this system existed due to small-scale and non-specialist bankers. Bank failures during financial crises or economic downturns had an impact upon all those in the immediate business community, especially as a result of their note-issuing and lending activities. By the early nineteenth century there were increasing calls for reform of the banking system.

The financial crisis of 1825, in which the country was claimed to have been "within twenty-four hours of barter"[3] saw 93 banks in England and Wales fail (approximately 15 per cent of the total) and resulted in widespread commercial distress.[4] The causes of the crisis were complex but it provided the impetus for reform. Contemporaries blamed country bankers and called for an overhaul of the banking system. The consequent liberalising legislation of 1826 - the 1826 Banking Co-partnership Act - allowed the establishment of banks with more than six

2 Pressnell, *Country Banking*, 226.

3 Quoted in King, *The History of the London Discount Market*, 37.

4 Michael Collins, *Money and Banking in the UK: A History* (London, 1988), 9.

partners and freely transferable shares outside a sixty-five mile radius of London and thus ended the Bank of England's monopoly of joint stock banking.

Partners the new JSBs remained liable for their debts but the ability to issue shares increased the potential number of partners and spread the risk and liability that had been so concentrated with the country bankers. Local business communities responded enthusiastically to the reform. Overall, 138 JSBs were established under the 1826 Act and of these only 19 failed or closed before the new banking legislation of 1844, which tightly restricted further bank formations. Private banking continued, although undergoing a gradual eclipse in the provinces (see table below).

Joint Stock Banks

Year	Number of joint stock banks	Number of Offices
1825	0	0
1850	99	576
1875	122	1,364
1900	83	4212

Source: Michael Collins, *Money and Banking in the UK: A History* (London, 1988), 27 and 52.

The growth of joint stock banking from the 1860s was facilitated by the repeal of the 1844 Act in 1857, followed by the legislation of 1858 and 1862 that allowed banks to extend limited liability to their shareholders. From the 1860s onwards, but particularly from the 1880s, joint stock banking experienced an amalgamation movement. This culminated in concentration into the 'Big Five' London clearing banks by 1918. These large-scale banking establishments had full limited liability, a London Head Office, and a widespread branch network throughout England and Wales. This had been achieved through the absorption of the small-scale banking establishments, both private and joint stock.

The early joint-stock banks had been pioneers of a new form of banking institutions that were to develop into the large-scale clearing banks of the twentieth century. Yet before 1850 these JSBs tended to be small-scale institutions with unlimited liability and not what we would recognise as modern corporations. They had shareholders and therefore their ownership was spread further than the six or less partners of the private banks. Yet there was not a formal separation between ownership and control - shareholders came from the local vicinity, directors were often known by shareholders and certainly by customers. Family and kinship ties remained an important element in this type of banking. These were more like extended partnerships or what may be called co-partnaries. How different were the new JSBs to their private predecessors?

Private and Joint stock banks: differences

The new JSBs possessed relative advantages over their private predecessors in that they were able to undertake business (most importantly the extension of credit) on a far greater scale than the private houses. The ability of JSBs to issue stock was the decisive factor in the larger scale of their operations. Many private bankers realised that future business prosperity lay with JSBs and amalgamated with them for this reason.[5] JSBs also had the added advantage of reducing the costs of banking services. Unlike the private banks, joint stock institutions paid interest on credit balances,[6] small accounts were accepted, and local notes were usually exchanged free of charge. The payment of interest on credit balances was a key tactic in attracting depositors. The JSBs also provided more convenient opening hours for their customers. Such strategies often involved start-up costs for the banks but the founders of these

5 Sykes, *The Amalgamation Movement*, 8-17.

6 For example, in 1863 the Sheffield & Rotherham Banking Company (SRBC) agreed to pay 3.5 per cent interest on the deposit account of G. C. Fox. RBSGA: SRBC, BDM, SR/1/5, 010975, 11th Feb. 1863, f. 313.

new institutions were keen to attract new business and customers benefited from the services that they offered.

Despite such advantages, those founding JSBs encountered hostility. They were often met with suspicion by the public and virulent opposition from established private bankers. Managements of these new institutions had to create a reputation and signal their viability. The new banks did not have an established track record and history of business to draw upon. Banks in particular needed to signal to the public and potential customers that they were institutions that could be trusted with people's money. They initially did this through public pamphlets, periodicals, newspapers and prospectuses. Such material tended to highlight the benefits of having directors with local and economic expertise at the helm of these institutions. A close connection to, rather than separation from, local trade and industry was emphasised as a positive rather than negative attribute. New JSB prospectuses pointed out the deficiencies of the private country banks, emphasising their instability and their reliance upon the personal wealth and expertise of individual partners. The York City and County Banking Company Prospectus declared:

> The security not being dependent on the wealth, ability, or conduct of *particular individuals* [original italics], is not affected as in private partnerships, by the death or retirements of elder partners, who commonly constitute the stability and experience of their respective concerns.[7]

Such prospectuses drew attention to the greater resources available to a JSB. The Huddersfield Banking Company prospectus declared that a JSB 'derived from its credit and the superior amount of deposits that may well be made with it' that would allow a bank 'to grant facilities which cannot be given by private partnerships.'[8]

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7 See for example HSBCGA: York City and County Banking Company Prospectus, Letters Book Y44.

8 HSBCGA: Huddersfield Banking Company Prospectus, H41/18.

Many of the new JSBs were keen to be seen to be breaking away from the traditions of private banking, and this included the association with individual bankers or banking families. The JSBs were attempting to spread, one could even venture democratise, their ownership. JSBs often retained private partners from banks that they absorbed, thereby retaining knowledge of customers and local conditions, but the case of the York City & County Banking Co. demonstrates that often JSBs would not let partners of private banks into the management level of JSBs. They took on board experience from such individuals but were not prepared for them to have a say in the running of new their new financial institutions. The York City & County Banking Co. was an ambitious brancher from its inception in 1830. The new JSB competed fiercely to gain customers and utilised the strategy of absorbing private banks in this battle. Former partners of the private banks were often employed but usually as agents, a key differentiation in status. For example, in 1833 the private bank of Schofield, Clarkson and Clough operating in Howden and Selby failed and the York City & County took over their offices to form two new branches. Thomas Clough, a partner in the private firm, was appointed an agent at Howden. When the York City & County took over the business of the private bank Farrer, Williamson & Co. at Ripon in 1837, a former partner Farrer was again appointed as agent. In 1843 the firm of Richardson, Holt & Co, private bankers in Pickering and Whitby since 1786, was purchased by the York City & County and Christopher Richardson remained as an agent.[9] In this way the York City & County chose to utilise private bank partners but not at a management level. Their approach combined change with continuity.

The York City & County asserted itself through branching. The extension of other joint stock banks could demonstrate a more combative approach with private banks that was driven by specific personalities. The Stourbridge & Kidderminster Banking Co. was established in 1834 by James Foster, a local iron manufacturer, in direct opposition to a private banking company,

9 Crick and Wadsworth, p. 208.

Bate & Robins. Foster held an account with this private bank and had been requested to reduce his overdraft. Consequently, with great indignation, he wheeled a barrow full of sovereigns into his bankers and poured them onto the floor. The slighted industrialist then proceeded to form his own bank with a group of friends - the Stourbridge & Kidderminster Banking Company. Foster was the first chairman and the new JSB, which soon took over the business of a private bank in Stratford-Upon-Avon (Tomes, Chattaway and Ford, established in 1810). Ford remained in Stratford as the branch manager.[10] Joint stock banking in the West Midlands grew increasingly successful and the Stourbridge & Kidderminster benefited from the failure of two private banks in the area in 1851, gaining many customers from the bank closures. In this atmosphere, Foster's old adversary, Bate and Robins, finally threw in their lot with joint stock banking by becoming the first branch of the Birmingham & Midland Bank in the same year.[11] The example of James Foster and the Stourbridge & Kidderminster give a clear indication of the animosity that could exist between the pioneers of the new joint stock bankers, often industrialists, and the old private firms. In such an environment of competition, the joint stock pioneers were keen to break with past banking habits and connections.

Private and Joint stock banks: similarities

The pioneer JSBs emphasised their difference from private banking houses. They could issues shares and offer greater stability to the customer, and depositor in particular. Yet in many ways the two types of establishment were not dissimilar. The new JSBs were most typically small-scale and operated at a local level, just as the private banks had done. There were some regional banks but only one national commercial financial institution - the National Provincial

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10 Crick and Wadsworth, p. 58-9.

11 Crick and Wadsworth, p. 66.

Bank of England. It was only after the merger movement from the 1880s that the development of a national branch banking system with large, centralised head offices in London occurred.

Many of the new JSBs were also formed out of existing private houses that had either been experiencing difficulties or wished to take advantage of the new type of company form. This was a quick and efficient way for new JSBs to expand. They inherited customers and staff and, to some degree, a reputation from their private predecessor. Vincent Stuckey, Chairman of the JSB Stuckey's, undertook a policy of expansion by taking over the business of private banks in the South West of England. He preferred to retain staff or partners of the private banks as local directors, managers or clerks because:

> at each place of business a director, manager or agent (one of the former if it can be done) should be resident, who is well known in the neighbourhood and well acquainted with its wants and means - By acting thus you have the strength of a joint stock bank and the knowledge of a private banker.[12]

Some JSB targeted particular private banks in order to secure the services of specific managers, although this strategy was unusual. The Coventry & Warwickshire Banking Co. absorbed the private bank Beck & Prime because they wanted James Beck to become their general manager. The County of Gloucester Bank absorbed Strange & Co. at Swindon for a similar reason. [13]

Those JSBs that were formed from existing private houses not only kept on staff but often retained connections with the families of the absorbed bank. This can be seen through examining bank archives relating to bank directors and bank shareholders. One of the key differences between private and JSB was the ability of JSBs to issue shares. Exploring share lists and deeds of settlement can provide an interesting insight into those who purchased shares in

12 Quoted in Ollerenshaw, "The development of banking in the Bristol region", 59.

13 R. S. Sayers, *Lloyds Bank in the History of English Banking* (Oxford, 1957), p. 243.

the new institutions and can help to reveal family connections between shareholders, as well as links with the older private banks.

For example, the Halifax & Huddersfield Union Bank established in July 1836 was formed from Rawson & Co., a private bank that itself was est. in 1807. An examination of the Deeds of Settlement of the new JSB shows that four members of the Rawson family sat on the board of directors (out of a total of seven seats). The first Chairman of the Halifax & Huddersfield was Christopher Rawson, who served until 1843. An examination of the banks share register shows that nine members of the Rawson family also owned shares in the Halifax and Huddersfield Bank worth £54, 125 in the year of its foundation, that is just over 50 per cent of the banks initial paid up capital. This was a bank that clearly continued the tradition of the banking family of its founders.[14]

The Sheffield & Rotherham Bank was also converted from a private institution in 1836 - Walker, Eyre and Stanley founded in 1792 – and ties with the original family remained strong. Three of its first directors were from the families of the founding private bank - Henry and Joshua Walker and Charles Stanley.[15] Henry and Joshua Walker held £120,000 worth of original shares in the bank and Charles Stanley held £30,000, nearly 40 per cent of the total paid up capital of the bank in 1836. Two members of the Eyre family also held £625 worth of shares. It should be remembered that when a private institution was absorbed by and converted to a JSB, payment to partners of the private establishment was usually partly made in the form of shares in the new institutions, and therefore it is usual to find names of private bankers in the share registers of the JSBs that continued their business.

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14 LTSBGA: Halifax & Huddersfield Union Banking Company, file no. 7013, Deed of settlement, 1 July 1836 and Sayers, p. 353.

15 Royal Bank of Scotland, *Sheffield and Rotherham Bank: a banking bicentenary, 1792-1992* (1992) and RBSGA: SR/79, deed of settlement, 1 July 1836.

As well as maintaining ownership, some former private banking families remained in firm control of the new JSB on the boards of directors. In the case of the Sheffield & Rotherham bank members of the Walker and Eyre families still held shares in 1863[16] and a family presence remained on the board into the 1880s. Henry Walker served on the board until 1851 and Joshua until 1861. George Walker was elected to the board of directors in 1853 and served until 1874. Horace Walker was elected in 1874 and served until 1885. Charles Stanley served on the board from 1836 to 1843. When the Sheffield & Rotherham was absorbed by William Deacon's Bank in 1907, the directors of the Sheffield & Rotherham continued to meet in the capacity of the Sheffield Advisory Board and two became members of the main William Deacon's board.[17]

Links with the family of private banks absorbed by JSBs could therefore have some longevity. The Sheffield & Rotherham was not the only institution that maintained ties with its private 'roots'. The Wilts & Dorset Banking Company was a new bank established in 1835 but quickly took over private banks to gain a regional presence. It absorbed the private bank Luce & Co. (founded in 1812) in 1836 and Gundry & Co (established 1809 in Chippenham) in 1837. Connections with the Luce family persisted. In 1853 three members of the Luce family held shares in the bank worth £300 and in 1879 Charles Richard Luce became a director of the Wilts & Dorset Banking Company.[18]

The County of Gloucestershire Banking Company was formed in 1836 from a JSB called the Gloucester County & City Bank and a private bank in Cirencester - Pitt, Croome, Bowly & Brown, which had been established in 1790. Within a month it absorbed a private bank at

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16 The Walker family held £1,064 (0.6% of paid up capital) worth of shares in 1863 and the Eyre family £952 (0.6%). RBSGA: SR/14701400, register or proprietors, 1863-1899.

17 Royal Bank of Scotland, *Sheffield and Rotherham Bank: a banking bicentenary, 1792-1992* (1992), p 12.

18 LTSBGA: Wilts & Dorset Banking Co., Book number 3177, Shareholders register, 1835-53 and Sayers p. 348.

Dursely - Vizard & Co, established in 1803. Links with the families of the private bank are clear and lasted into the 1880s. Thomas Cluttlebuck Croome and Joseph Pitt served on the first board of directors of the bank. James Hinton Bowly served as Joint Manager and Honorary Director of the bank from 1836, becoming an inspector in 1837 until 1861. In 1842 Edward Bowly became director of the County of Gloucester Bank and served as chairman from 1867-1880. Pitt, Croome, Bowly and Brown all held original shares in the bank, as did George and Henry Vizard.[19]

The Coventry Union Banking Co. provides a further example of a bank willing to maintain its link with and management expertise of a former private partnership. The JSB was established in 1836 and within a few weeks approached the private bank of Bunney, Bunney and Pepper, a firm founded in the early nineteenth century and one that had developed a prestigious reputation. Robert Bunney and Thomas Pepper, two partners in the private bank, joined the board of the Coventry Union.[20]

The Glamorganshire Banking Company, established in 1836 from two private banking institutions – Williams & Rowland of Neath (founded in 1821) and Eaton, Knight & Stroud of Swansea. The latter private bank was established in 1828 and itself was formed from the private house of Eaton & Gibbins. Three of the partners of these private banks continued their association with the new joint stock bank. Rees Williams became a director and chairman of the bank from its foundation in 1836 until his death in 1849. Robert Eaton was director and deputy chairman of the new bank from its inception until his death in 1840. Henry Knight became a director from the banks foundation. Two other former private partners did not serve on the original board, rather becoming managers. William Stroud was a manager for the new bank from its foundation until his death in 1854. John Rowland became manager of the Neath

19 LTSBGA: Book no. 1954, Deed of settlement, 26 July 1836 and Sayers p.18 and 280 and 331.

20 Crick and Wadsworth, p. 87-88.

branch, until 1853 when he retired but was then elected director of the bank. The presence of the private banking families can also be discerned in the ownership if the new joint stock bank. Shareholders with the surnames Williams, Rowland, Eaton, Knight, Stroud and Gibbins between them held 3972 of the original shares in the bank (67 per cent of the total original shares in 1836). In 1841 the Glamorganshire Bank also absorbed the private bank Walters, Voss and Walters of Swansea (established in 1821), with former partner John Matthew Voss becoming a manager of the bank. A share register from 1877 shows that ties with all of these private banking houses and their families continued for a considerable period of time. Those with the surname of Voss, Rowland and Williams held 951 shares between then in this year (16 per cent of total shares).[21] Share registers also show inheritance patterns of shareholdings, as executors and relatives take control of shares of deceased relatives.

The example of the Glamorganshire Banking Co. also illustrates the problem of using share registers alone to identify family links. Williams was and is a common surname in Wales. By merely identifying Williams on a share register does not mean that the connection with a private banking house is certain. Verification of individuals through other records, such as trade directories, registers of births, marriages and deaths or family papers held privately or in local records officers, would be required to confirm links. From the bank archives alone, a presumption of links and networks can be made from surnames, addresses and occupations. Sometimes further investigation is required to establish particular or firmer links or networks. However, banking historians are lucky in that they are well-served by a range of high quality company histories with which to supplement archival evidence.

Maintaining family connections and existing staff of private firms was not always a successful strategy for the JSBs. The Gloucestershire Banking Co. absorbed the private family

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21 LTSBGA: ?? and Sayers p. 353, 360, 336, 246, 356, 339. Joseph Gibbins , partner in Eaton & Gibbins went on to become a founder and director of the Birmingham Banking Company and a Trustee of the Gloucestershire banking Company. Sayers p. 339.

bank of Cripps, operating in Cirencester and Stow-on the Wold in 1842. One young family member was kept on as a manager and another as a local director. However, the new manager did not perform well. The Cripps family remained important customers of the Gloucestershire bank. This combined with the heritage/history of the bank meant that the situation was somewhat delicate for those concerned. The Gloucestershire Bank directors gave the young Cripps five years but eventually he had to leave the bank.[22]

It is also important to note the family connections were not confined to those members who had a link with a private banking establishment that converted to joint stock status or that was absorbed by a JSB. Other forms of family connections were also made. In this way JSBs continued a tradition of using kinship networks that had been utilised by private bankers. A new joint stock bank, the Bank of Liverpool, was established in 1831. The first secretary to the directors of this bank was Joseph Hornby, who later became the banks third chairman in 1839. Subsequently, his son Thomas was elected twice as chairman of the bank and another son, Henry, also served as chairman. Joseph's brother Hugh held original shares in the bank and later became managing director for eight years.[23] A member of the first board of a new JSB – the Halifax and Huddersfield Union - was Henry Lees Edwards, a merchant from Halifax. He and five other men with the surname Edwards (all from Halifax except one from London) held £1,150 worth of shares in the bank.[24] The Sheffield Union Bank, a new JSB formed in 1843, had Edward Vickers and Richard Sorby on its original board of directors. A quick examination of the share register for 1843 reveals that members of the Vickers family held 900 original shares

22 Sayers p. 244.

23 Chandler, p. 244. and share register.

24 LTSBGA: file no. 7013, Deed of settlement, 1 July 1836.

in the bank and members of the Sorby family held 550 original shares (a total of 24 per cent of total original shares). [25]

From examining the share registers and deeds of settlements of the JSBs founded after the 1826 legislation family ties can be found. These could take the form of links with private banking institutions converted to JSB status or absorbed by the new JSBs but also networks of investors related to members of entirely new joint stock banking establishments. Did kinship ties survive the amalgamation movement that gather pace form the 1860s thereby continuing traditions established by private bankers? Or did modernising JSBs of the second half of the nineteenth century break with such traditions and embrace a change in banking practices?

Joint stock banks and the amalgamation movement - the continuation or end of kinship networks?

Joint stock banks increased in number after 1826 and during the 1860s and 1870s came to dominate domestic banking. These decades saw increasing numbers of private banks being absorbed by their joint stock counterparts. Bagehot, in his book on *Lombard Street*, characterised this trend as being a result of the loss of interest or ability in banking by families, financial weakness or a loss of faith in the private form of establishment in the face of the onward march of joint stock rivals. Certainly, as an older generation of bankers were dying out, younger family members often looked to sell the family interest. The private bank of Cunliffe Brooks at Manchester was held in the family for three generations until there was no family left to run the firm in 1900, when Lloyds bought the business. Peacock Wilsons in Lincolnshire was bought by Lloyds in 1912 following the death of the final family member.[26]

25 HSBCGA: Sheffield Union Banking Co., 1843.

26 Sayers, p. 249.

Yet the absorption of private banks by larger joint stock concerns was not the only type of amalgamation. Larger joint stock banks were absorbing smaller joints stock institutions in the race towards developing national branch networks. Indeed, amalgamations fuelled further amalgamations as the main players competed with each other and sought to gain the most prized banks. The amalgamation craze particularly gained pace from the 1880s. From the perspective of the smaller, localised joint stock bank, many realised the limitations of their size in conducting their businesses. Absorption into the larger network gave resources and stability that even a regional institution could not offer. Payment for their business from the large clearing banks was also often lucrative and proved too much of a temptation to resist.

Some family connections survived the amalgamation movement. The Coventry Union Banking Co. amalgamated with the Midland Bank in 1889, just over 50 year after it was established. William Fitzthomas Wyley, relation of John Wyley the first Chairman of the Coventry Union, was elected to the Midland board of directors. [27] **The** Exchange & Discount Bank was bought by Midland in 1890. It had originally been a conversion of a private bank, Cousins, Allen & Co. in 1866. James Cousin was the promoter of the Exchange & Discount, as well as its managers, and obtained a seat of the board of the Midland upon the merger in 1890. In the case of the Midland, offers of directorships were a common feature in the late-nineteenth century amalgamations. [28]

Lloyds also maintained family links with its constituent banks and sometimes offered directorships upon amalgamation. The private bank of P. & H. Williams in Wednesbury sold to Lloyds in 1865, its single remaining owner being persuaded to join the board of directors to which he bought useful knowledge of the local iron and coal business in which he participated. [29]

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27 Crick and Wadsworth, p. 93 and 85.

28 Holmes and Green, p. 76.

29 Sayers, p. 248. He refused to accept share in Lloyds bank.

The West Country private bank, Fox Fowler & Co. remained a family business from its foundation in 1787 until its amalgamation with Lloyds Bank in 1921. Interestingly, the Fox brothers were connected by marriage to the Lloyds family and the amalgamation cemented this 'link'. [30]

In the case of a large district joint stock bank, the Wilts & Dorset, directors were of a strong enough rank to be able to negotiate positions within the bank with which they were merging - Lloyds. Lloyds itself was keen to maintain key personnel from this successful bank. Two Wilts & Dorset directors joined the board of Lloyds, all of the former Wilts and Dorset board formed a local committee at Salisbury and former general Managers became District Managers. In this way continuity and expertise was maintained, in the interest of all banking parties and for the customers.[31]

Other of the larger banks in the amalgamation movement were less keen to maintain connections with the personnel of the banks that they absorbed, as with the early joint stock banks such as the York City & County. When the Wilts & Dorset Bank, itself later absorbed by Lloyds, attempted to take over the private Portsmouth bank Grant & Maddisons in 1902, a director of the private firm attempted to negotiate a seat on the board of the Wilts & Dorset. The management of the Wilts & Dorset rejected such attempts outright and negotiations broke down. When the bank was eventually taken over by Lloyds in 1903, three of the four private bankers were kept on in the form of a local committee at Portsmouth. [32] The attitude of these men is instructive and may indicate why some banks, and the Wilts & Dorset in particular, were reluctant to take on private bankers with an 'old-fashioned' perspective, despite their local knowledge and local connections. The private partners in Portsmouth realised that they were

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30 Sayers, p. 269 and 287.

31 Sayers, p. 272.

32 Sayers, p. 259.

unlikely to be offered a position as a local director or a district manager and would have to settle for a more lowly position within the Lloyds hierarchy.

> they would probably have to come down to mere ordinary Managers of a branch in a provincial town, liable to be hectored by some vulgar Inspector, reprimanded and ordered by the Board, bound to long and regular hours, made to sign their name when arriving at or leaving the Bank, and, finally, it would be exceedingly likely that they would be discharged altogether after Lloyds had got a firm hold of the business as the latter might think it more to their interest to have a more common type of manager who would procure business by going out to supper with a tradesman.[33]

Not all private bankers were of this frame of mind. Within the amalgamation movement, the large clearing banks inherited personnel from private family banking institutions that went on to become key players within their 'new' institutions. The Chairman of Lloyds from 1922-1945, Beaumont Pease, was a former partner of the private bank Hodgkin Barnett Pease & Spencer. He was also related to the Lloyds family through marriage. Chairman of the Capital and Counties Bank (absorbed by Lloyds in 1918), E. B. Merriman, came from a family of private bankers that were absorbed by Capital & Counties in 1877. A partner in the private bank Cobb & Co. in Banbury, T. E. Cobb, became director of the Bucks & Oxon Union Bank, as did his son who went on to become General Manager's Assistant upon the merger with Lloyds Bank.[34] In 1891 the Midland Bank took over the private London house of Lacy, Hartland, Woodbridge & Co., founded in 1809, and one of the partners, Dixon-Hartland, was given a seat on the Midland board.[35] These men, and sometimes their sons, continued a tradition of family banking that lasted from the nineteenth into the twentieth century and from private to large-scale, joint-stock form.

Barclays Bank provides a unique example of this continuity. When private banks merged to form the joint-stock bank Barclays & Co. in 1896, 71 partners from the constituent private

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33 Sayers, p. 259.

34 Sayers, p. 260.

35 Holmes and Green, p. 84-5.

banks joined together and, as the banks historians describe, 'were dominated by the old tight cousinhood' comprising the largest private banking families.[36] The bank assured customers that local management and the private 'character' of the bank would be preserved and they were true to their word.

Even well into the twentieth century the senior management of Barclays Bank remained very strongly influenced by the private banking families that had been its constituents from the century before. 'The tight Barclay-Bevan-Tritton cousinhood still constituted large shareholders and continued to hold court at the (London) local head office in Lombard Street, but was outnumbered on the main board'.[37] But even by 1945, 10 of the 31 directors of Barclays were still related to the original families that merged to form Barclays in 1896. 'Birth and connections were still important'.[38] Barclays encouraged ex-partners sons to obtain experience in local head offices rather than the branches that were formerly part of their private institutions before merger with Barclays. But they remained with the bank none-the-less. Family links were of importance not only to those associated with the main banking families that made up Barclays but also for others connected with modest provincial banks that had been amalgamated. 'A wider range of promotion opened up for sons (or relatives and acquaintances) introduced by the ex-partners' of such banks. The Tuke family had been part of a small bank in Saffron Walden that became part of Barclays. Consequently one Tuke was elected to the main board in 1920 and three later chairmen came from the family 'in the enlightened nepotism of family-sponsored competitive recruitment and promotion.' Even by the mid-twentieth century

36 Ackrill and Hannah, p. 56.

37 Ackrill and Hannah, p. 85.

38 Ackrill and Hannah, p. 85.

Barclays was still a bastion of what Chandler has termed 'family-capitalism', although there was a wide range of families with well-educated members to choose from. [39]

Conclusion: continuity or change?

The development of a banking system in England and Wales through the nineteenth century was a long and complex process. After 1826, joint stock banks competed fiercely with private institutions but the most common form of each type of bank remained small-scale and local. From the 1860s JSBs grew in size as they developed branch systems, often via amalgamations. Mergers between banks had been taking place throughout the century but the amalgamation movement really gathered pace from the 1880s. The absorption of small-scale joint stock and private banks into a national network of branches owned and controlled by large-scale, limited liability clearing banks was more or less complete by 1918. Yet this was not the story of an inexorable rise of large-scale banking at the expense of local and family connections. Despite the desire of the founders of early nineteenth century joint stock banks to differentiate themselves from their private forbearers, many personal and family links remained with partners of the private banks. Indeed, where they did not, new family links were often created between boards of directors of joint stock establishments and their shareholders. Within the amalgamation movement at the end of the nineteenth century, family links were still often maintained. A personal element remained in banking, despite the development of what we would recognise as a modern corporate form. These personal and family connections demonstrate continuity in the style of banking conducted in the UK over a very long period, despite enormous changes in the structure of the countries banking system itself.

39 Ackrill and Hannah, p. 86.