

Baker Street *Elementary*

PRESENTS
"THE LIFE AND TIMES IN VICTORIAN LONDON"



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THE LIFE AND TIMES IN VICTORIAN LONDON
072 -- TAKING IT TO THE BANK -- BRITISH BANKING -- FEBRUARY, 2022



WELCOME TO TOPIC # 072... HOLMES AND I WILL
BE DISCUSSING THE BRITISH BANKING SYSTEM
DURING THE VICTORIAN PERIOD...



**SIX CASES IN THE SHERLOCK HOLMES STORIES
PROVIDE INSIGHTS INTO BANKERS' ROLE IN
VICTORIAN ENGLAND.**



IN ADDITION TO THE GUARDIAN OF DEPOSITED FUNDS, AS MENTIONED IN 'THE ADVENTURE OF THE RESIDENT PATIENT,' THE BANKER WAS ALSO THE PROTECTOR OF OTHER VALUABLE ITEMS (SUCH AS JEWELRY OR AN INCRIMINATING PHOTO) AS MENTIONED IN 'THE DISAPPEARANCE OF LADY FRANCES CARFAX' AND 'A SCANDAL IN BOHEMIA.'



THEY WOULD ALSO LEND FUNDS, AS THE BANK DID
IN 'THE ADVENTURE OF THE BERYL CORONET,' AS
WELL AS A GUARANTOR OF A CLIENT'S WORTH AND
CHARACTER, AS I OFFERED IN 'THE ADVENTURE OF
THE ILLUSTRIOUS CLIENT.'



OF COURSE, AS BLESSINGTON/SUTTON ILLUSTRATED IN THE 'THE ADVENTURE OF THE RESIDENT PATIENT' AND NELIGAN IN 'THE ADVENTURE OF BLACK PETER,' BANKS WERE VULNERABLE TO BOTH ROBBERY AS WELL AS COLLAPSE DUE TO POOR MANAGEMENT.



BRITISH BANKS AND BUSINESSES DEVELOPED SIMULTANEOUSLY (ONE SUPPORTING THE GROWTH OF THE OTHER) DURING THE INDUSTRIAL REVOLUTION AND FINANCIAL INSTITUTIONS WERE THE MOST DIVERSE BY THE END OF THE 1800s.



AFTER CERTAIN RELIGIOUS GROUPS, WHO HAD SERVED THE CROWN AS THEIR EXCHEQUERS, WERE FORCED OUT OF THE COUNTRY IN THE MIDDLE AGES, ITALIAN MERCHANTS FILLED THE VOID... LONDON'S FINANCIAL DISTRICT, LOCATED ON LOMBARD STREET, TAKES ITS NAME FROM LOMBARDY, ITALY.





**THEIR ARRIVAL COINCIDED WITH THE ADVENT OF
A COMMERCIAL SOCIETY AND CREATION OF
SURPLUS FUNDS.**



THEY FIRST CONDUCTED ACCEPTANCE OF DEPOSITS AND LENDING OF FUNDS (FIRST ALLOWED UNDER HENRY VIII AT 10% INTEREST) ON BENCHES, OR BANCOS, ALONG THE STREET, FROM WHICH THE TERM 'BANK' DEVELOPED.



**BRITISH BUSINESSMEN COPIED THESE PRACTICES,
AND THE MOST SUCCESSFUL OF THESE, SIR
THOMAS GRESHMAN BECAME 'THE FATHER OF
ENGLISH BANKING,' BY LENDING AND BORROWING
MONEY, PRIMARILY AMONG MERCHANTS.**



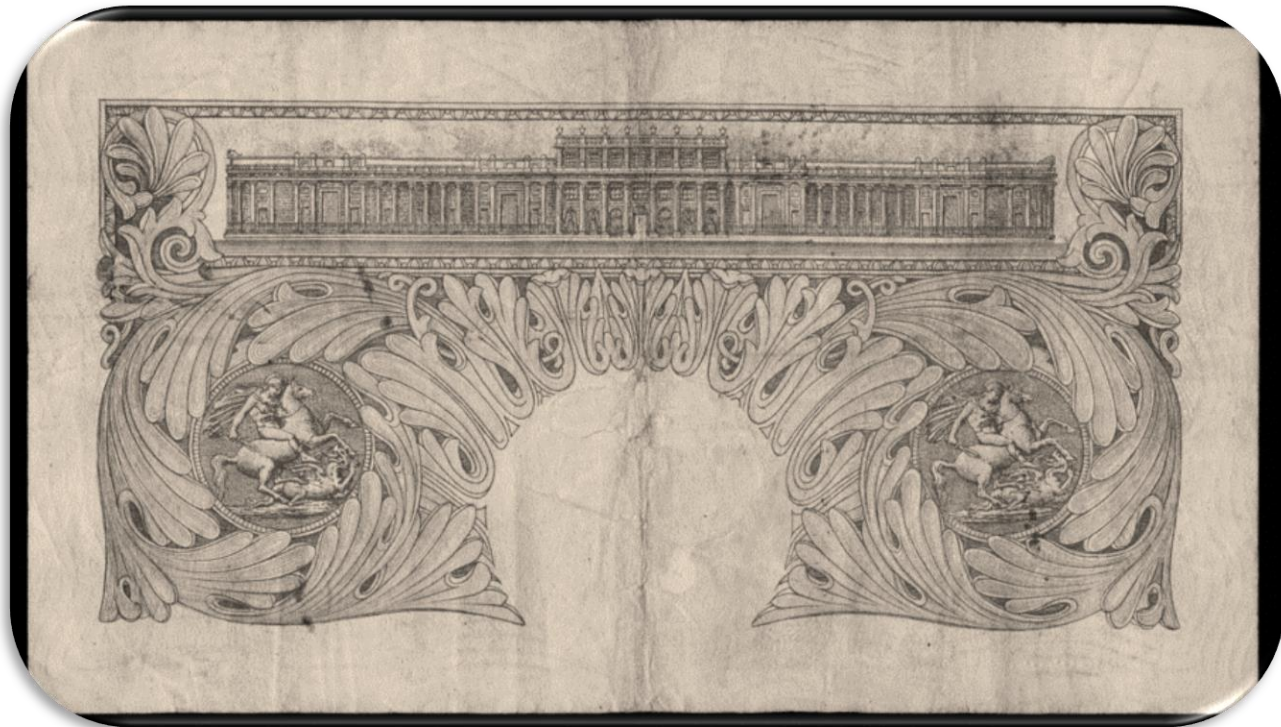
ANOTHER GROUP ALSO INVOLVED IN DEVELOPING THE BRITISH BANKING SECTOR WERE THE GOLDSMITHS... THESE MERCHANTS PROVIDED A MEANS OF FOREIGN CURRENCY EXCHANGE, ACCEPTING PLATE OR OTHER ITEMS AND ISSUING A RECEIPT FOR THE AMOUNT DEPOSITED WITH THEM.



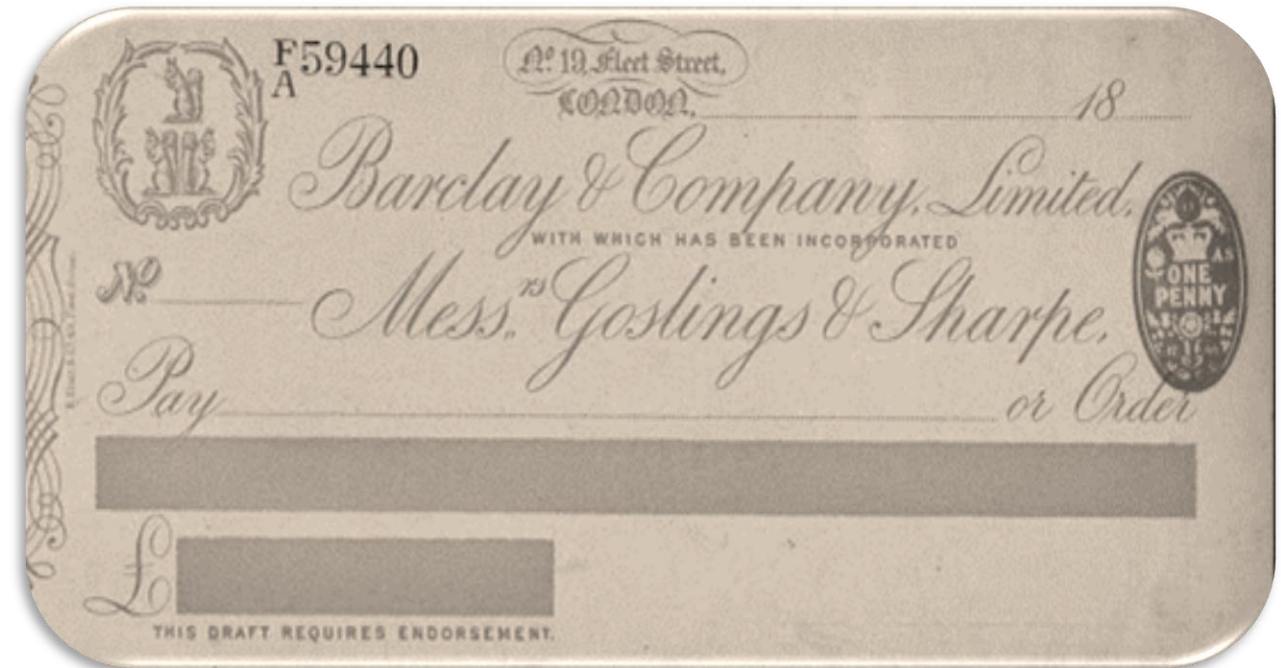
BY THE 1700s, BANKS WOULD ISSUE 'BANKNOTES'
(PAPER MONEY IN CURRENT SOCIETY) IN CERTAIN
DENOMINATIONS THAT COULD BE PAID ON
DEMAND AT THE BANK FOR COIN.



SUCH PAPER WAS DIFFERENT FROM A 'DRAWN NOTE,' OR 'CHEQUE,' DESCRIBED ABOVE WHERE THE ACCOUNT HOLDER WOULD DIRECT A BANK TO PAY THE BEARER A SPECIFIED AMOUNT.



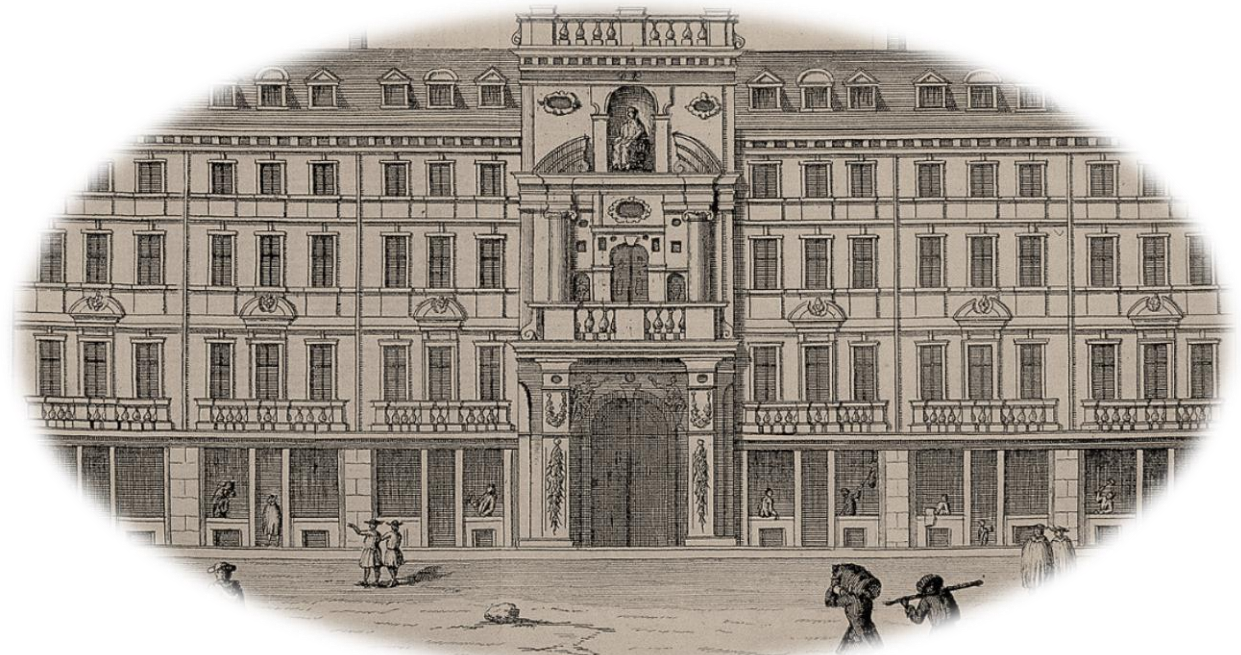
PRINTED CHEQUES APPEARED IN THE 1720s, AND BY THE 1770s, A SPECIAL CHEQUE CLEARING PROCESS HAD BEEN DEVELOPED BECAUSE SO MANY TRANSACTIONS WERE CONDUCTED USING THESE NOTES.



ONE PARTICULAR GOLDSMITH BANK WAS FOUNDED IN 1694 TO RAISE FUNDS FOR THE BRITISH GOVERNMENT IN THE WAR AGAINST FRANCE... THE BANK OF ENGLAND RECEIVED A ROYAL CHARTER AND WAS GIVEN THE POWER TO ISSUE THEIR OWN NOTES, RUNNING ALL OTHER BANK NOTES OUT OF CIRCULATION.



GIVEN ITS CHARTER, THE BANK BECAME THE GOVERNMENT'S BANK AS WELL AS THE 'BANKERS' BANK' WHERE OTHER BANKS DEPOSITED THEIR FUNDS.

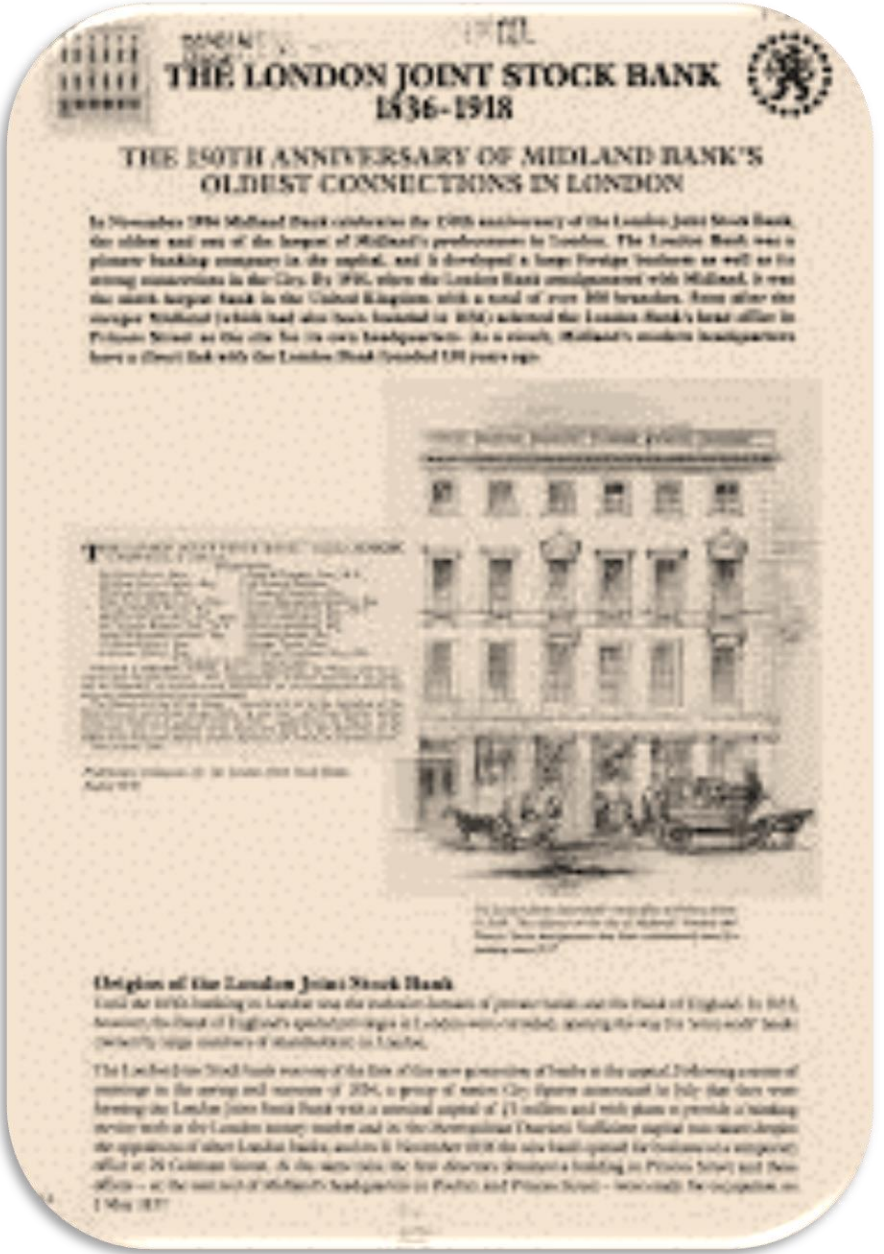


WHILE PRIVATE BANKERS AND THE BANK OF ENGLAND REMAINED OPERATING ONLY WITHIN LONDON, OTHER BANKS DEVELOPED IN THE PROVINCES CREATED BY ENTREPRENEURS AND OTHERS SPURRED BY THE INDUSTRIAL REVOLUTION.



IN ADDITION, PARLIAMENT PERMITTED THE DEVELOPMENT OF JOINT-STOCK BANKS ALSO IN THE PROVINCES.





THESE BANKS WERE SUPPORTED BY SEVERAL SHAREHOLDERS WHO, OVER TIME, BOUGHT OUT THE PRIVATE BANKS, AS WELL AS OPENING BRANCHES TO ALLOW BUSINESSES TO DRAW FUNDS IN DIFFERENT PARTS OF THE COUNTRY (ALTHOUGH CLEARING CHEQUES PROVED TO INVOLVE SEVERAL DAYS AS ACCOUNTS HAD TO BE CREDITED AND DEBITED BY THE BANK'S HEAD OFFICE).



IN 1844, 442 BANKS OPERATED THROUGHOUT THE COUNTRY, WITH 569 BRANCHES ISSUING £30.4 MILLION IN PAPER MONEY, OF WHICH ONLY A LITTLE MORE THAN HALF WAS ISSUED BY THE BANK OF ENGLAND.



**CONSOLIDATION OF THESE NUMEROUS BANKS
BEGAN SHORTLY AFTER, REDUCING THE NUMBER TO
326 BY 1884 – ALTHOUGH THE NUMBER OF
BRANCHES INCREASED TO 2075... BANKNOTES
BECAME LESS POPULAR FOR PROVINCIAL BANKS, AS
THOSE ISSUED BY THE BANK OF ENGLAND
INCREASED AND CHEQUES BECAME THE MAJOR
FORM IN WHICH BUSINESS WAS TRANSACTED.**



BY THE END OF WWI, THE NUMBER OF BANKS HAD BEEN REDUCED EVEN MORE TO THE 'BIG FIVE:' BARCLAYS BANK, LLOYDS BANK, MIDLAND BANK, NATIONAL PROVINCIAL BANK AND WESTMINSTER BANK.



*TWO OF THESE MERGED, (NATIONAL PROVINCIAL
BANK AND WESTMINSTER BANK) IN 1968,
CREATING THE 'BIG FOUR.'*



THE CLOSE RELATIONSHIP BETWEEN BANKING, INDUSTRY, AND BUSINESS IS APPARENT IN THIS BRIEF HISTORICAL REVIEW... BANKS PROVIDED A DEPOSITORY FOR THE FUNDS NEEDED TO COMPLETE BUSINESS TRANSACTIONS, AND INDUSTRIALISTS SERVED AS A MAJOR DRIVE IN CREATING THEM.



**IN ADDITION TO THE SUPPORT FROM
BUSINESSMEN, BANKS HAD TO INSPIRE TRUST.
CLIENTS HAD TO BE CERTAIN THEIR FUNDS WERE
SAFE... AS A RESULT, BANKERS WERE TO BE ABOVE
ALL SCANDAL... EVEN THE CLERKS HAD TO BE OF
IMPECCABLE CHARACTER.**



**FOR THIS REASON, I COULD ASSERT MY BANKER
COULD VOUCH FOR MY CHARACTER — EVEN THOUGH
IT WAS INVENTED.**



SO, WE HAVE COMPLETED TOPIC # 072 IN OUR SERIES...

*IN TOPIC # 073, WE WILL BE LOOKING AT THE DISEASE 'DIABETES' DURING
THE VICTORIAN PERIOD.*



ORIGINAL SOURCE MATERIAL FOR THIS TOPIC:

- [HTTPS://WWW.BANKING-HISTORY.CO.UK/HISTORY.HTML](https://www.banking-history.co.uk/history.html)
- [HTTPS://RESEARCH.BRITISHMUSEUM.ORG/RESEARCH/PUBLICATIONS/ONLINE_RESEA...PER_MONEY/PAPER_MONEY_OF_ENGLAND__WALES/ENGLISH_BANKING_HISTORY.ASPX](https://research.britishmuseum.org/research/publications/online_research_per_money/paper_money_of_england_wales/english_banking_history.aspx)
- [HTTPS://RESEARCH.BRITISHMUSEUM.ORG/RESEARCH/PUBLICATIONS/ONLINE_RESEARC...LAND__WALES/ENGLISH_BANKING_HISTORY/INTRO_ENGLISH_BANKING_HISTORY3](https://research.britishmuseum.org/research/publications/online_research_land_wales/english_banking_history/intro_english_banking_history3)
- G. R. SEARLE, MORALITY AND THE MARKET IN VICTORIAN BRITAIN. (OXFORD: CLARENDON PRESS, 1998)
- I. JEACLE, 2010, "THE BANK CLERK IN VICTORIAN SOCIETY: THE CASE OF HOARE AND COMPANY", JOURNAL OF MANAGEMENT HISTORY, VOL. 16



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"THE LIFE AND TIMES IN VICTORIAN LONDON"

IS CREATED THROUGH THE INGENUITY & HARD WORK OF:

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