

# BUSINESS AND FINANCE COUNCIL THE LONDON JOINT STOCK BANK 1836-1918



## THE 150TH ANNIVERSARY OF MIDLAND BANK'S OLDEST CONNECTIONS IN LONDON

In November 1986 Midland Bank celebrates the 150th anniversary of the London Joint Stock Bank, the oldest and one of the largest of Midland's predecessors in London. The London Bank was a pioneer banking company in the capital, and it developed a large foreign business as well as its strong connections in the City. By 1918, when the London Bank amalgamated with Midland, it was the ninth largest bank in the United Kingdom with a total of over 300 branches. Soon after the merger Midland (which had also been founded in 1836) selected the London Bank's head office in Princes Street as the site for its own headquarters. As a result, Midland's modern headquarters have a direct link with the London Bank founded 150 years ago.



**THE LONDON JOINT STOCK BANK.** Capital £3,000,000, in 60,000 Shares, of £50 each.

**DIRECTORS.**

- |                                 |   |
|---------------------------------|---|
| Sir Felix Booth, Bart.          | John M <sup>c</sup> Taggart, Esq., M.P. |
| William Millar Christy, Esq.    | Sir Francis Palgrave.                   |
| William Curling, Esq.           | Thomas Phillpotts, Esq.                 |
| John Peter Darthez, jun., Esq.  | James Marmaduke Rossiter, Esq.          |
| George Holgate Foster, Esq.     | Joshua Scholefield, Esq., M.P.          |
| William Ormsby Gore, Esq., M.P. | George Scholefield, Esq.                |
| W. Hughes Hughes, Esq., M.P.    | William Shadbolt, Esq.                  |
| John Christopher Lochner, Esq.  | Thomas Stooks, Esq.                     |
| William Mitcalf, Esq.           | George Tayler, Esq.                     |
| Ambrose, Moore, Esq.            | William Venables, Esq., Ald.            |

With power to add to their number.

NOTICE is HEREBY GIVEN, that no applications for Shares will be received after the 31st instant. The appropriation of Shares will then be made, and the Bank will be opened so soon afterwards as the arrangements (which are now in a forward state) can be completed.

The Deposit will be £2 per Share. The calls will be in the discretion of the Directors, not exceeding £5 per Share, in any case; and three Months' public notice will be given of each call after the first. Applications for Shares, in the mean time, may be addressed (if by letter, post-paid) to the Directors, at the Office of the Solicitors, Messrs. Tilsons, Squance, and Tilson, 29, Coleman-street. 13th August, 1836.

*Preliminary prospectus for the London Joint Stock Bank, August 1836.*

*The London Joint Stock Bank's head office at Princes Street in 1850. This address on the site of Midland's Poultry and Princes Street headquarters has been continuously used for banking since 1837.*

### Origins of the London Joint Stock Bank

Until the 1830s banking in London was the exclusive domain of private banks and the Bank of England. In 1833, however, the Bank of England's special privileges in London were curtailed, opening the way for 'joint stock' banks (owned by large numbers of shareholders) in London.

The London Joint Stock bank was one of the first of this new generation of banks in the capital. Following a series of meetings in the spring and summer of 1836, a group of senior City figures announced in July that they were forming the London Joint Stock Bank with a nominal capital of £3 million and with plans to provide a banking service both in the London money market and in 'the Metropolitan Districts'. Sufficient capital was raised despite the opposition of other London banks, and on 21 November 1836 the new bank opened for business at a temporary office at 29 Coleman Street. At the same time the first directors obtained a building in Princes Street and these offices - at the east end of Midland's headquarters in Poultry and Princes Street - were ready for occupation on 1 May 1837.

## Banking business in Victorian London

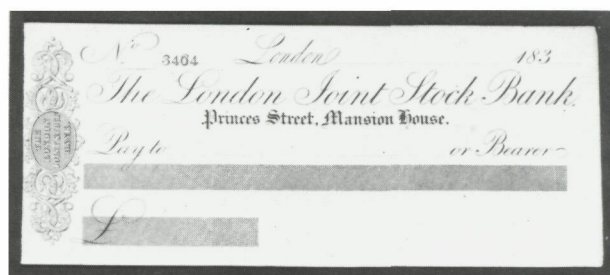
The London Joint Stock Bank rapidly built up a strong deposit business in the late 1830s and by 1845 its deposits were already valued at nearly £2.5 million. The London Bank's directors, in the view of *The Circular to Bankers* journal in 1839, were 'of such respectability and character as men of business that their names have given a tone in popular estimation to the London Joint Stock Bank which has contributed greatly to its success.' Although it was often in conflict with the Bank of England in these early years, and although it was not permitted to issue its own bank notes, it was soon attracting large numbers of both private and business accounts. One of its early connections, for example, was the London and Greenwich Railway Company, one of the pioneers of the railway industry in London.

A distinctive feature of the London Bank throughout its history was its emphasis on international business. By May 1837 it was acting as the London agent or 'correspondent' for a Canadian bank, and over the next few years similar arrangements were made with banks in the United States, Australia and India. A special 'foreign committee' was formed as early as 1837 to supervise this side of the bank's business.

When London replaced Paris as the principal centre of international finance after the mid-19th century, the London Bank's foreign business continued to develop. The connection with Germany was especially strong, and in 1870-1 the London Bank issued two massive loans, each totalling £7.5 million, on behalf of Bismarck's North German Confederation. The London Bank subsequently acted as the Imperial Bank of Germany's agent in the City. By 1918, when the London Joint Stock Bank became part of Midland, it held no less than 70 of these agencies for overseas banks.



The banking hall of the London Joint Stock Bank, Princes Street, in 1850.



Cheque form printed for the London Joint Stock Bank in the 1830s.



Cheque signed by the author Anthony Trollope, a customer of the London Joint Stock Bank, in 1864.

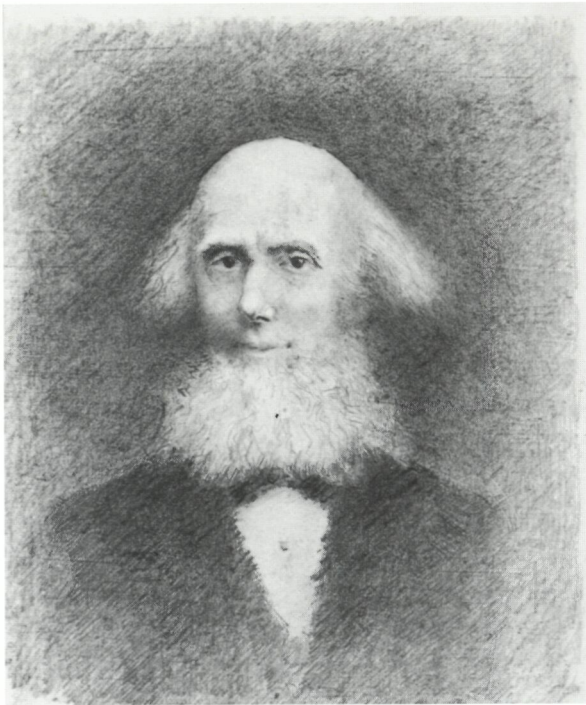


The main counter at the Princes Street head office of the London Joint Stock Bank in about 1900.

## Princes Street personalities, 1836-1918

The history of the London Joint Stock Bank is particularly rich in the personalities amongst its directors and staff. For example the founder directors included Joshua Scholefield MP (also a founder of Midland itself); Sir Felix Booth of Booth's distillery; and William Ormsby Gore MP, whose descendant Lord Harlech became Chairman of Midland in the 1950s. Later in the bank's history, the board also included prominent statesmen such as Viscount Milner and Earl of St Aldwyn, a former Chancellor of the Exchequer.

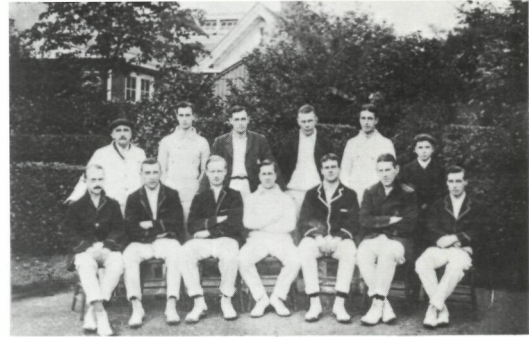
The London Bank's managers were amongst the best-known characters of the Victorian financial community. William F Narraway, Manager between 1871 and 1898, had a reputation for stern discipline and a highly conservative approach to business; until recently Midland's Poultry and Princes Street branch continued to use 'Narraway, London' as its telegraphic address. His successors included Charles Gow, General Manager between 1898 and 1916 and a much-respected figure in the London money market, and Edward Clodd, Secretary from 1872 until 1915 and also a leading figure in the world of Victorian and Edwardian literature.



*William Narraway, Manager of the London Joint Stock Bank, 1871-1898. Sketch by J S Harrison, a member of the bank's staff.*



*Edward Clodd, Secretary of the London Bank, 1872-1915*



*The London Bank's cricket club in 1912. The club had been founded in 1871 and was the earliest staff sports club in the Midland family of banks.*

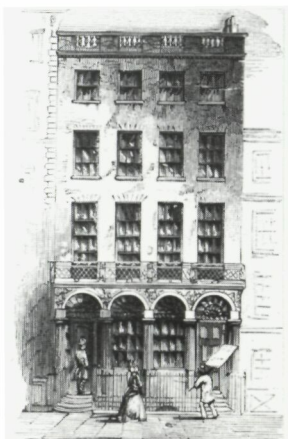
## Branches and amalgamations

Many of Midland's modern branches owe their origins to the London Joint Stock Bank. Initially the London Bank had been slow to build up a branch network, but in 1840 it had acquired the valuable banking business of Wright and Co. This firm had been active as a goldsmiths' in Covent Garden as early as 1699, later developing as a bank with strong connections with the Catholic community. Soon after the purchase of Wright and Co the London Bank moved the business to Pall Mall, where it was the predecessor of Midland's important Pall Mall branch.

The London Bank delayed opening further branches for another 20 years, but in 1865 a branch was opened in Chancery Lane, followed by a Paddington office in 1872. The Southwark Branch was acquired from the Alliance Bank in 1870, and a year later branches at West Smithfield and Islington Cattle Market were bought from the Albion Bank. Further new branches were added in the 1880s and early 1890s, although by 1893 the London Bank's network of eleven branches was still relatively small.

The later expansion of the London Bank was stimulated by two important amalgamations – with the Imperial Bank in 1893, and with the York City and County Bank in 1909. The Imperial Bank, established in 1862, had gained a high reputation from its links with leading City merchant houses; by 1893, based at Lothbury and with twelve offices, it had attracted over £2 million in deposits. In contrast, the York City and County Bank was one of the oldest and largest of the English country banks. It had been formed at York in 1829, and after a series of acquisitions it was operating over 150 offices. The York Bank was particularly strong in the North Riding of Yorkshire and in Cumberland, and it was regarded as one of the most professional and successful of all provincial banks.

These amalgamations, together with the London Bank's own new branches in the metropolitan area, lifted the total number of London Bank branches to over 300 by 1918. Unusual features of the network included a branch at Portsmouth (purchased from the Bank of England in 1914) and a series of five branches in East Anglia (newly opened in 1914 and 1915).



*The London Bank's 'Western Branch' in Pall Mall, 1850.*



*The Alliance Bank in Southwark in 1865. This bank became the London Bank's Southwark branch in 1870.*



*The London Joint Stock Bank's branch at Cheshunt in about 1918. The branch was one of a number of suburban branches inherited from the Imperial Bank in 1893.*

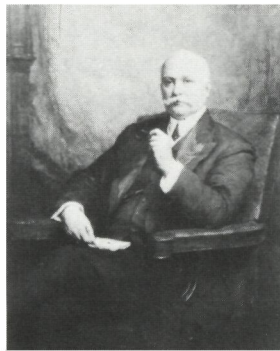
## Joining the Midland

By the end of the First World War, the London Joint Stock Bank had doubled its deposits to £59 million in only ten years. Although this made it the ninth largest bank in the United Kingdom, it was increasingly difficult to compete with fast-growing banks such as Midland, Lloyds and Barclays.

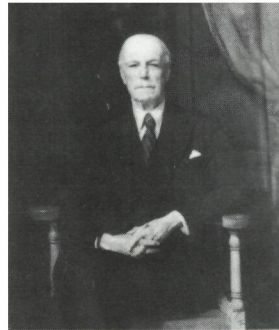
Midland Bank, which had been founded in Birmingham in 1836, was an exact contemporary of the London Joint Stock Bank. Its headquarters were transferred to Threadneedle Street in London in 1898 and for the next 20 years Midland continued to set the pace in the 'amalgamation movement' in banking. Sir Edward Holden, Midland's Chairman and Managing Director between 1908 and 1919, had shown an interest in the London Joint Stock Bank as early as 1904. In 1914 Midland made a definite offer to acquire the London Bank but the negotiations foundered on the question of price. Four years later, the offer was renewed and by then the London Bank's directors were ready to agree.



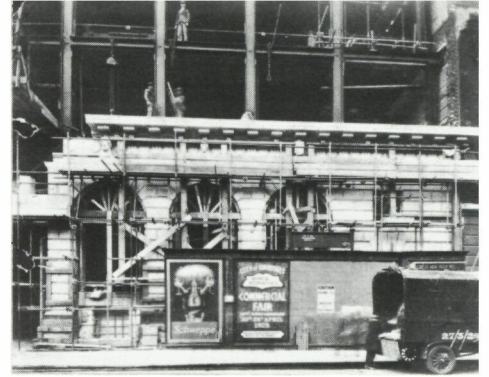
*The Princes Street headquarters of the London Bank shortly before the First World War.*



*Edward Holden, Midland Bank's Chairman and Managing Director between 1908 and 1919. The acquisition of the London Joint Stock Bank was the last and largest amalgamation negotiated by Holden.*



*Stanley Christopherson, a director of the London Bank between 1907 and 1918 and later Chairman of Midland from 1943 to 1945.*



*Midland Bank's headquarters on the site of the London Joint Stock Bank, Princes Street, in 1929.*



*Midland Bank, Princes Street section, completed in 1939.*

The amalgamation between Midland and the London Joint Stock Bank, announced early in 1918, was the largest banking merger yet attempted. The combined bank, with £350 million in deposits and 1300 branches, was to emerge as the biggest bank in the world. When the merger was announced, however, the government established a committee to investigate banking amalgamations. Completion of Midland's acquisition of the London Bank was delayed for six months while the committee sat, and the merger was only allowed to proceed when the clearing banks agreed to obtain Treasury approval for any future amalgamations. Consequently, in the view of Reginald McKenna (a future Midland chairman), the London Joint Stock Bank's merger with Midland 'altered the whole course of banking history'.

After the amalgamation in 1918 the offices and staff of the London Joint Stock Bank became fully integrated into the much larger Midland network. As a sign of the London Bank's importance in the enlarged Midland, the Princes Street headquarters of the London Bank were chosen as the site for Midland's new head office in Poultry and Princes Street. This building, designed by Sir Edwin Lutyens, Gotch and Saunders and Laurence Gotch, was constructed between 1924 and 1939. Since then, the business and branches inherited from the London Joint Stock Bank have played their full part in offering a range of financial services which was undreamed of 150 years ago. In Midland's own 150th anniversary year, the successors of the London Joint Stock Bank continue its tradition of making bank services more easily and more widely available in the capital city.