

CHAPTER IX

SUNDRY BANKING OFFICES AND THE BRANCHES

CHAPTER IXSUNDRY BANKING OFFICES AND THE BRANCHESSUNDRY BANKING OFFICES

It is perhaps chiefly by means of figures that the effect of the War on certain parts of the Bank's operations can best be shown. The following particulars concern the work done in connection with the Public and Other Deposits and Customers' Securities, divided under the following headings:-

1. Private Drawing Office
2. Public Drawing Office
3. Bill Office
4. Securities Office

1. Private Drawing Office

"Such who think it for their Conveniency to keep
"an account in a Book with the Bank, may transfer
"any Sum or Sums not under £5 from his own to any
"other Man's Accompt." Notice given by Bank of
England in London Gazette, 23rd to 26th November,
1696.

During the last days of July and first few days of August 1914, there was a large number (89) of new current and deposit accounts opened, but then the Bank, finding that the War tended to drive the public from the Joint Stock Banks to seek greater security at the Bank of England, refused to accept any fresh accounts unless in very exceptional circumstances. (See extract from Notes of a meeting at the Treasury held the 6th August, at end of this Section.)

As an indication of the confidence felt in this country it is interesting to note that some deposits were received from persons domiciled abroad in places such as Paris, Cairo, Constantinople, Antwerp, Rotterdam, Oran (Algiers) and even Berlin.

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The alterations in the volume of work may be seen from the following figures:-

	No. of Debits & Credits	A M O U N T O F D E B I T S		
		Traders &c.	"Bankers"	Total
1913	1,734,000	£809,686,000	£5,176,711,000	£5,986,397,000
1914	1,714,000	£1,071,014,000	£5,301,762,000	£6,372,776,000
1915	1,619,000	£2,086,948,000	£6,824,736,000	£8,911,684,000
1916	1,690,000	£2,758,102,000	£8,374,365,000	£11,132,467,000
1917	1,608,000	£4,756,809,000	£12,142,510,000	£16,899,319,000
1918	1,550,000	£4,260,394,000	£13,603,891,000	£17,864,285,000
1919	1,609,000	£4,970,073,000	£14,576,063,000	£19,546,136,000
1920	1,693,000	£4,536,397,000	£15,721,886,000	£20,258,283,000

	No. of Accounts	A V E R A G E B A L A N C E S		
		Traders &c.	"Bankers"	Total
1913	3,597	£5,811,000	£24,011,000	£29,822,000
1914	3,692	£18,472,000	£46,985,000	£65,457,000
1915	3,750	£27,360,000	£48,836,000	£76,196,000
1916	3,798	£42,024,000	£33,962,000	£75,986,000
1917	3,714	£61,603,000	£40,378,000	£101,981,000
1918	3,709	£65,543,000	£42,436,000	£107,979,000
1919	3,625	£37,679,000	£51,846,000	£89,526,000
1920	3,459	£12,418,000	£71,872,000	£84,289,000

The increase at the beginning of the War in the number of accounts is due principally to the fact that 312 accounts were opened between the 8th October 1914 and the 27th January 1915 for acceptors of pre-moratorium bills who required advances and 856 accounts for borrowers against War Loan $3\frac{1}{2}\%$ 1925/8. Of the total number of accounts throughout, nearly 700 were Staff accounts.

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A large part of the variation in the Traders' &c. balances was due to the following figures of special "Deposit" accounts:-

	Banque de France	Banca d'Italia	Total
	(average)	(average)	(average)
1915	-	£5,766,000(from July)	£5,766,000
1916	£16,584,000(from June)	£14,932,000	£31,516,000
1917	£23,683,000	£21,816,000	£45,499,000
1918	£23,600,000	£22,200,000	£45,800,000
1919	£16,888,000(to July)	£13,873,000	£30,761,000
1920	-	£2,212,000(to Feb.)	£2,212,000

These accounts were exceptional, representing deposits of gold. They should perhaps be eliminated if a more exact view of these variations is desired.*

The following are some of the more interesting accounts opened during the War:-

1914.	7th August.	National Relief Fund
	13th "	Deutsche Bank(Berlin)London Agency
		Dresdner Bank

*The minimum balances were:-

	Banque de France	Banca d'Italia	Total
1915	-	£1,000,000	£1,000,000
1916	£4,000,000	£10,000,000	£14,000,000
1917	£20,017,000	£19,600,000	£39,617,000
1918	£19,017,000	£22,200,000	£41,217,000
1919	£4,017,000	-	£4,017,000
1920	-	£1,200,000	£1,200,000

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PRIVATE DRAWING OFFICE	1914.	13th August. (Contd.)	Direction der Disconto- Gesellschaft British Bank of Northern Commerce
		15th "	Oesterreichische L�anderbank K.K.P.
		17th "	Anglo Austrian Bank
		25th "	Banque de France
		27th "	Banque Nationale de Belgique
		29th "	Credit Lyonnais
		29th "	Belgian Relief Fund
		2nd September.	Banca d'Italia
		17th "	National Bank of Switzerland
		23rd "	Norges Bank
		26th "	Banque Nationale Priv. du Royaume de Serbie
		6th October.	Nederlandsche Bank
		6th November.	Patriotic League of Britons Overseas
		23rd "	Constantinople Volunteer Fund
	1915.	20th March.	Russian Flag Day Fund
		1st April.	Sick & Wounded in the War, Mansion House Fund.
		11th May.	Loss of Lusitania, Mansion House Relief Fund.
		29th June.	France's Day Fund
		8th October.	"Pro Italia" Mansion House Fund
		13th "	Armenian Refugees, Mansion House Fund.
1916.	21st July.	Lord Kitchener National Memorial Fund	
	23rd November.	Banco de Portugal	
1917.	15th June.	Air Raids on London, Mansion House Relief Fund.	
	20th "	Federal Reserve Bank of New York	
1918.	11th January.	Prisoners of War Relief Committee*	
	19th July.	"Our Day" (Red Cross) 1918.	
	2nd September.	"Italy's Day" Mansion House Fund.	
	21st December.	Reception of City Troops, Mansion House Fund.	
1919.	11th March.	Memorial to Fallen Colleagues	

*The Bank of England appear to have been asked to appoint a member to this Committee but declined, 7th December 1916.

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PRIVATE DRAWING OFFICE	<u>Names of the Banks amalgamating</u>	<u>New Title</u>	<u>Date when Balance transferred in the Private Drawing Office</u>
	Capital & Counties Bank Ltd. and Lloyds Bank Ltd.	Lloyds Bank Ltd.	24th August, 1918.
	Cocks Biddulph & Co. and Bank of Liver- pool & Martins Ltd.	Bank of Liverpool & Martins Ltd.	2nd January, 1920
	London Joint Stock Bank Ltd. and London City & Midland Bank Ltd.	London Joint City & Midland Bank Ltd.	30th September, 1918
	Parr's Bank Ltd. and London County & West- minster Bank Ltd.	London County West- minster & Parr's Bank Ltd.	28th March, 1918
	London & Provincial Bank Ltd. and London & South Western Bank Ltd.	London Provincial & South Western Bank Ltd.	23rd January, 1918.
	London Provincial & South Western Bank Ltd. and Barclays Bank Ltd.	Barclays Bank Ltd.	3rd October, 1918
	Martins Bank Ltd. and Bank of Liverpool	Bank of Liverpool & Martins Ltd.	18th December, 1918

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PRIVATE DRAWING OFFICE	Names of the Banks <u>amalgamating</u>	<u>New Title</u>	Date when Balance transferred in the <u>Private Drawing Office</u>
	Metropolitan Bank (of England & Wales) Ltd. and London City & Midland Bank Ltd.	London City & Midland Bank Ltd.	15th July, 1914.
	Union of London & Smiths Bank Ltd. and National Provincial Bank of England Ltd.	National Provincial & Union Bank of England Ltd.	19th April, 1918.
	Robarts Lubbock & Co. and Coutts & Co.	Coutts & Co.	21st September, 1914.

CHAPTER IXSUNDRY BANKING OFFICES AND THE BRANCHESEnemy Debts
Claim for Interest on Drawing Accounts
under the Peace TreatyPRIVATE
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By the Treaty of Peace Order 1919 the British Clearing Office for Enemy Debts was empowered to enforce payment of such debts together with interest thereon at the rate of 5% per annum, except in cases where by contract, law or custom the creditor was entitled to payment of interest at a different rate: in which case the rate to which he was so entitled was to prevail. Interest was to run from the 4th August 1914 to the date when the debt was credited to the German Clearing Office.

The Bank of England had five accounts in respect of which interest was claimed (the total amount of interest eventually came to £381: 2: 6). In common with other Banks they resisted the demand on the ground that it was contrary to their practice to allow interest on any balances. They pointed out that had the Bank originally contracted to pay interest at, say, 1% that rate would have been payable under the terms of the Treaty and that it was absurd therefore that 5% should be charged where the agreement was that no interest should be allowed.

At the end of May 1920, the matter being still unsettled, the Controller of the Clearing Office submitted the facts to Treasury Counsel, who stated that, in his opinion, interest would be chargeable on Current Accounts. It was suggested, however, that, failing

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agreement, an action should be brought against the Bank on an agreed statement of facts so that the point of law could be argued. The Bank sought the opinion of Sir John Simon. He advised that balances of Current Accounts must be considered debts within the intention and meaning of Article 296 of the Peace Treaty and that although Paragraph 22 of the Annex to that Article undoubtedly constituted a departure from the hitherto established provisions of English Law relating to the recovery of interest, the Treaty of Peace Act 1919 and the Treaty of Peace Order 1919 rendered this alteration valid and binding. Although a creditor who agreed not to demand any interest on his debt was thereby more favourably placed than one who had stipulated for a small rate of interest, he did not think that the demand of the Clearing Office could be contested.

On the 18th August 1920 the Bank accordingly paid the interest claim.

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6th August 1914 - Meeting of Government with Bankers,
etc. at the Treasury. (Vide C.C.P.120)

Extract from Shorthand Notes

(N.B. The Bankers, other than the Bank of England's representatives, were not present until where indicated below.)

THE GOVERNOR OF THE BANK OF ENGLAND: I want, with your permission, Sir, to tell these Bankers this. What they are afraid of is that people will draw their balances from them and pay them into the Bank of England. I want to assure them that we will open no new account for anybody at present having a banking account in England.

THE CHANCELLOR OF THE EXCHEQUER: Is that what held Sir Edward Holden and Mr Bell up yesterday?

LORD READING: Yes.

THE CHANCELLOR OF THE EXCHEQUER: I thought it was rather between themselves.

MR. KOCH: That does not apply to new accounts. I think what they were afraid of was that people might withdraw their balances and pay them into the Bank of England.

THE GOVERNOR OF THE BANK OF ENGLAND: If I can assure them of that, and I can assure them by saying that yesterday I was offered a very large account, over one hundred thousand pounds, which I refused to open, as I said it would not be fair.

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A discussion on the terms of the issue of the new Currency Notes followed, after which the Bankers entered the room and almost at once the Chancellor said that the Governor had a statement to make -

THE GOVERNOR OF THE BANK OF ENGLAND: It is with regard to almost the last thing which was said last night about the Banks and Clearing House one to the other. I did not quite grasp the point then, but on my way home, I did, and I have to tell the Joint Stock Banks, on behalf of the Bank of England, that the Bank will open no new accounts for anybody now having an account with any other bank in England, Scotland or Ireland, until the end of the moratorium, and that we will do our best by drawing the line, to prevent those that have already duplicate accounts with us, increasing their deposits or their balances.

THE CHANCELLOR OF THE EXCHEQUER: I think that will be very satisfactory indeed.

LORD ST. ALDWYN: Yes.

MR. ESDALE: Extremely gratifying.

THE GOVERNOR OF THE BANK OF ENGLAND: I may also add, on behalf of the Bank, that I was offered a very considerable account mid-day yesterday, before this conversation with the Bankers, which I declined. I thought it was not cricket, and I said I would not take it until the end of the moratorium.

LORD ST. ALDWYN: Mr. Governor, we are very much obliged to you for what you have stated.

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The effect of the War on the work of the Public Drawing Office may be briefly summarised in the following table -

	000,000's omitted	No. of Debits	No. of Credits	No. of Clearing Cheques	000's omitted	
	Turnover				Average Govt. Balances	Average Total Balances
1913	£1,730	517,471	271,005	783,846	£12,596	£17,586
1914	£2,740	521,831	279,413	829,263	£18,338	£25,314
1915	£8,855	586,988	300,894	948,606	£83,945	£105,012
1916	£17,034	724,515	340,121	1,266,154	£53,461	£70,645
1917	£24,257	852,108	330,966	1,483,652	£48,065	£66,686
1918	£29,760	831,265	335,080	1,228,194	£33,942	£56,874
1919	£26,648	673,682	315,089	893,354	£21,176	£44,755
1920	£27,247	631,025	304,632	732,885	£15,910	£38,646

It will be noticed that the most remarkable change occurs in the turnover, the figure for 1913, viz., £1,730,000,000, having risen by 1918 to £29,760,000,000. This increase is not reflected to any corresponding extent in the other figures shown and arises chiefly from the passing through the accounts of the proceeds of the various War Loans. The Loans affected the Office very little except in this particular.

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The number of clearing cheques, however, dealt with in 1917 was nearly double that of pre-War times and more than double the figures for 1920. The increase in this item and in the remaining figures was due chiefly to the large number of special War accounts opened by the Government, to the accounts opened for Foreign and Colonial Governments and, most of all perhaps, to those required by the American Dollar Securities Committee.

The first new account, opened two days after the declaration of War, was that of the War Risks Office, which in 1917 alone drew no less than 42,000 cheques. The Air Craft Department of that Office opened an account in 1915 and drew 26,000 cheques in the year 1918.

On the third day of the War the new Currency Note System began to make itself felt in the opening of certain Government Suspense and Postal Order Currency Accounts which soon afterwards developed into the Currency Note Redemption and the Currency Note Reserve Accounts.

The principal Foreign and Colonial Government Accounts opened were as follows (in the order of their opening):-

Chilean

French

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Serbian
Canadian
New Zealand
South African
Russian
Roumanian
Belgian
Portuguese
Italian
Greek

Of these the French was the most active, drawing 10,000 cheques in 1917. All these accounts were opened previous to 1918; in that year the Treasurer of the United States opened an account in his name and seven subsidiary accounts for the use of different branches of the American Expeditionary Forces.

Among the new accounts opened by the British Government were several connected with their control of food and other commodities and the following may be mentioned as examples -

Paper Controller

Tea Controller

Meat: Anderson, Anderson & Co. No.5
Australian Meat Supplies

Sugar Commission

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PUBLIC DRAWING OFFICE	Cheese	Landbouw Export Bureau
	&	British & General Trading Association
	Butter:	Government Cheese Purchase Account
	Cereals:	Ross T. Smyth & Co. No.5 Rice & Pulse Account
	Metals:	Molybdenum Account Anderson, Anderson & Co. No.6

All these accounts were opened by Order of the Treasury.

On the 25th October 1920, an account entitled "Reparation Commission Liquidation of War Materials "Sterling Account" was opened. This account was closed and the "Reparation Commission, General Reparation "Account" was opened on the 28th December 1920.

Instructions were received for the investment of all surplus balances in Treasury Bills unless otherwise advised, while the maintenance of a minimum balance of £50,000 was arranged as the Bank's remuneration for their services.

Funds were derived from the following sources:-

1. Sale of coal, coke and lignite per the Luxembourg Government.
2. Sale of paper marks in connection with the liquidation of war materials.

In the former case the sums received were transferred to the Belgian Government, and in the latter

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the proceeds were equally divided in francs and sterling and paid to the Bank of France and Bank of England (o/a H.M. Paymaster General) respectively.*

The account which of all others caused the greatest increase in the work was the Warrant account of the American Deposit Scheme. From this account in one year no less than 142,000 warrants were paid.

It may be of interest to note that the balance of the account of H.M. Exchequer, through which the whole finance of the War passed, so far as the United Kingdom was concerned, fluctuated between a minimum of £470,000 (in August 1914) and a maximum of £153,000,000 (in July 1915).

On the 2nd August 1921 the list of "Public Accounts" was reviewed by the Treasury and certain accounts, chiefly Inland Revenue accounts at certain Country Branches, were added.

*In addition to the above-mentioned accounts a dollar account was opened in the books of the Federal Reserve Bank of New York, New York, in the name of the Bank of England. The work in connection with the dollar account was carried out by the Chief Cashier's Office.

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The following figures show the number of accounts in the Public Drawing Office at the beginning and close of the War, viz:-

		<u>Public</u> <u>Accounts</u>	<u>Private</u> <u>Accounts</u>	<u>B.B.O.</u>	<u>Total</u>
31 July	1914	92	166	18	276
31 August	1921	<u>121</u>	<u>237</u>	<u>17</u>	<u>375</u>
		+29	+71	-1	+99
		===	===	==	===

3. Bill Office

From August to November 1914 no fewer than 103,661 discounted bills were passed through the Bill Office. The numbers for each month were -

1914	
August	65,271
September	21,674
October	13,949
November	2,767
	<u>103,661</u>
	=====

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The increase in the work of the Office is further shown in the following figures:-

Approximate number of bills, cheques, &c. collected by the Bill Office during the years 1913 - 1920

Year	Town	Country	Metropolitan		Total
			Out*	In ⁺	
1913	3,200,000	5,130,000	1,738,000	2,886,000	12,954,000
1914	3,232,000	5,209,000	1,874,000	3,120,000	13,435,000
1915	3,224,000	5,942,000	2,264,000	6,894,000	18,324,000
1916	3,387,000	5,793,000	2,289,000	7,786,000	19,255,000
1917	3,497,000	6,309,000	2,323,000	8,051,000	20,180,000
1918	3,728,000	6,629,000	2,567,000	9,975,000	22,899,000
1919	3,694,000	6,163,000	2,326,000	8,579,000	20,762,000
1920	3,976,000	6,787,000	1,478,000	5,746,000	17,987,000

*Metropolitan "Out" cheques are those drawn on Branches of Clearing Banks and are collected for customers, being presented by the Bank of England through the Clearing House.

⁺"In" cheques are received by the Bank of England from the Clearing House and are drawn on the Western and Law Courts Branches or on such Banks as have appointed the Bank of England their Clearing Agents, viz., during the period reviewed, Messrs.Cox & Co. and Child & Co.

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BILL OFFICE Approximate number of bills, cheques, &c. collected by the Bill Office during the years 1913 - 1920 (Contd.)

Year	Out-charge	Postal and Money Orders	Total
1913	402,000	649,000	1,051,000
1914	374,000	808,000	1,182,000
1915	433,000	752,000	1,185,000
1916	422,000	635,000	1,057,000
1917	513,000	604,000	1,117,000
1918	498,000	512,000	1,010,000
1919	502,000	510,000	1,012,000
1920	501,000	498,000	999,000

The increase in all columns may of course to a great extent be attributed to money passing in connection with war issues.

The increase in the Metropolitan "In" Clearing was due to the large number of cheques drawn by army officers on Messrs. Cox & Co.

Bankers' Clearing House There were few alterations from the usual procedure of the Clearing House. At the commencement of the war it was found necessary to extend the times for all the Clearings, but on and after the 19th November 1914 the normal hours were reinstated.

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The following figures show a great increase in the amount of securities held on behalf of customers as from 1916 -

	Amounts			Deposits	Withdrawals
	£	s	d		
1913					
31st Dec. 1914	147,560,810	5	10	10,463	9,817
4th Aug. 1915	143,780,814	19	6	6,581)	5,997)
)10,787)9,255
31st Dec. 1915	151,023,271	15	1	4,206)	3,258)
31st Dec. 1916	407,088,556	14	6	12,652	11,639
30th Dec. 1917	1,216,175,371	13	3	13,952	15,454
31st Dec. 1918	1,930,060,189	4	3	13,465	13,133
31st Dec. 1919	2,152,931,358	2	9	9,565	9,323
31st Dec. 1920	2,538,441,348	15	9	10,132	11,669
31st Dec. 1921	2,496,710,218	10	1	14,654	14,573
31st Aug. 1921	2,470,916,410	14	5	11,628	11,495

The increase from the year 1916 was almost entirely due to deposits of War Issues and Treasury Bills (particularly the latter). The numbers of withdrawals and deposits were also swelled by the surrender of securities under the American Securities Scheme and deposit of the relative Treasury Certificates.

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Government securities held on behalf of the Currency Note Redemption Account are included in the totals. The following figures show the amount of securities held for this account on the last date in each year on which the weekly statement was published -

30th December 1914	£9,923,545:17: 5
29th December 1915	£54,620,563: 1:11
27th December 1916	£118,102,159:17: 6
26th December 1917	£186,636,709: 4: 3
31st December 1918	£305,133,409: 1: 3
31st December 1919	£337,536,760: 6: 1
29th December 1920	£336,504,227: 3:10
31st August 1921	£282,782,097: 2: 6

The Clearing House (Enemy Debts) also held a considerable amount of securities.

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The outbreak of War in August 1914 had an immediate effect on the Branches of the Bank of England; indeed as early as the 28th July the first evidences of alarm manifested themselves at Manchester and Liverpool. On the 31st July, enquiries began to reach the Liverpool Branch from Chester, indicating very large cash requirements in connection with mobilisation, Chester being the headquarters of the Western Command. By the 1st August, at Manchester particularly, there was great uneasiness and the Branch was besieged by would-be borrowers, including several Banks, seeking assurance that the Bank of England would provide accommodation if asked.

The sentiments of the Public were doubtful and a financial panic with its inevitable 'runs' upon Banks was feared on all sides, especially where large Savings Banks, as at Manchester, Liverpool and Leeds, are popular institutions. At Hull, 'runs' were started at the Hull Savings Bank and the Yorkshire Penny Bank though these were small and of very short duration. In Plymouth the Naval Bank, established in 1774, failed during the crisis, one effect of which was to cause a 'run' on the Plymouth & South Devon Savings Bank, lasting for some days, but so far as the Bank's customers were concerned, there were no serious developments.

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The action of the Government in extending the August Bank Holiday for three further days not only afforded time for the public to face the situation more calmly but enabled the Head Office of the Bank to remit adequate supplies of Bank Notes and of gold and silver coin to all the Branches so that when business was resumed on the 7th August, the general rush for gold on the part of local Bankers was easily met and all legitimate demands were suitably accommodated. Bank Rate which had been advanced to 10% was reduced on the 6th August to 6% and a further reduction to 5% on the 8th tended still more to relieve anxiety.

The moratorium promulgated immediately by the Government had also a reassuring influence and the hurried issue of £1 Notes by the Treasury - which were not payable at the Branches of the Bank of England - relieved the situation at once.

Notes and gold issued at Branches:-

25th July to 8th August 1913	£4,639,000
do. 1914	<u>13,071,000</u>
	+ £8,432,000

CHAPTER IXSUNDAY OFFICES AND BRANCHESTHE BRANCHESIntroduction of Currency Notes

The increase of labour directly involved by the substitution of a paper for a gold currency, affected the Branches to no small degree. Whereas the employment of gold in former days did not necessitate any special arrangements, the advent of the Currency Note coupled with the great increase of currency in circulation as inflation proceeded, forced all the Branches in time to create a Currency Inspection Department in order to keep the inspection of Notes withdrawn from circulation as up to date as possible.

When it is remembered that the proper examination of 12,500 Currency Notes represents a full day's work for one clerk and that no less than 22,000 sovereigns or very nearly double this amount can be individually weighed by a clerk in the same time, it is easy to understand how much larger a staff than in pre-war days became essential.

Another result of the paper currency was that Treasury journeys from and to London to replenish the Branch Treasuries with new Currency Notes and to return the cancelled Notes increased in frequency, fortnightly journeys instead of quarterly as in the old days being necessary in the case of almost all the Branches.

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In fact, in the words of the Liverpool Agent, "In any attempt to give a rough outline of the effect of "the War on the Branches the premier place in the list "of causes must be given to Currency Notes. As one "looks over the six years of correspondence one is struck "with the fact that in all the changes that have come to "pass through the War, there is no outstanding cause "which can in any way compete with the Currency Note; "no question more constantly under one's notice whether "in routine work in the Office or in correspondence with "Head Office".

Staff

The abnormal business in the early days of the War threw a strain upon the Branch Staffs which were adversely affected also by the immediate calling-up of men who were Territorials or Assistant Naval Paymasters for Military and Naval Service. Later, the great volume of work suddenly thrown upon the Bank by the moratorium and afterwards by successive War Loan Issues and the mobilisation of American Securities, caused every additional man that could be spared by the Branches to be in demand at the Head Office.

A brief statistical summary of the collective War record may not be out of place.

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THE BRANCHES

Branch	Normal Male Staff at outbreak of War (including Chief Clerk but excluding Temporary Assistants)	Joined the Forces in first two Months	Joined the Forces subsequently	Killed or Died	Wounded or otherwise Disabled	Maximum No. lent to H.O. at any one time	Minimum original Staff at any one time	Porters on War Service
Birmingham	22	2	3	2	1	6	8	2
Bristol	14	2	2	3	-	3	4	1
Cardiff	42	12	4	3	6	9	17	1
Edinburgh	9	-	-	-	-	2	6	1
London	15	1	2	-	-	7	4	2
Newcastle	18	2	5	3	1	3	7	1
Nottingham	9	2	1	-	1	3	4	1
Southampton	5	-	1	1	-	1	3	-
Wolverhampton	45	7	7	2	1	3	29	-
Courts	19	4	2	-	3	2	12	1
	198	32	27	14	13	39	94	10

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As a consequence of the serious depletion of the Male staff, the services of Women were enlisted for the first time in Branch history and in considerable numbers. They were employed on Cash Books and Pass Books, Ledgers, and in times of pressure at some Branches, on the counter and as assistants to the Security Clerks. The summer of 1915 saw the introduction of Women Clerks and their numbers were added to from time to time. The introduction in July 1918 of the system of examining and counting old Currency Notes at the Branches led at once to a considerable increase in the number of Women Clerks employed and at all the Branches structural alterations had to be carried out for their accommodation as the Office space became more and more cramped and limited. At the Manchester Branch in January 1921 the assistance of no less than 32 Women Clerks was still found to be necessary, at Liverpool 23, at Birmingham 18, at Newcastle 14 and so on.

Discounts and Advances

The restrictions imposed upon ordinary business by the exigencies of the War soon produced their effect and commercial business fell away rapidly. Many old mercantile accounts were closed or became dormant, this being the case especially at Liverpool.

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The summer of 1915 saw a definite and continued pressure to repay Advances. At first it was little more than a hint to customers, many of whom readily responded and though, later, a little more emphasis had to be employed, business alike in lending and in discounting came practically to an end with little difficulty or trouble, except with regard to Brokers' Loans at several Branches. As from July 1915 no further discounting or advancing was permitted without reference to Head Office.

Manchester

At Manchester, after the outbreak of War, the presentation and collection of Moratorium Bills involved the Branch bill department in much extra work and for a short period the Discount department was also kept busy, bills amounting to £1,250,000 being discounted (£1,000,000 of this total being for Bankers) between August 1914 and the late autumn of that year. The Branch was also called upon to discount under the Government guarantee to the extent of about £665,000 for Bankers and £275,000 for other holders; a considerable proportion of the bills being drawn on Enemy Banks and on Armenian and other firms trading with Turkey and the near East. The Liquidation of liabilities then undertaken proved a lengthy business and was not complete at the end of 1920.

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The firms helped were extraordinarily dilatory in carrying out their agreements and preferred grasping the large profits available in the South American trade to meeting their liabilities; fortunes being often acquired by concealed trading with "black-listed" firms in South America which led to an evil reputation for "Manchester Shippers".

Leeds and Bradford

Before the War the Leeds Branch had an "Agency" * at Bradford which was opened on Monday and Thursday afternoons for the convenience of discount customers, and for the three years prior to the War nearly £5,000,000 of Bills were discounted there and at the Branch annually. The Bradford Agency was, however, closed after the outbreak of War, and owing to the cessation of discounting by the Bank, the majority of the Branch discount customers disappeared, a few accounts only with small dormant balances being left as evidence of its pre-war business.

Special Advances

Of the total amount lent at the Branches in connection with Special Advances made by the Bank during the War, there was only one case of a borrower failing to

*The "Agency" consisted only of a room where a Leeds Branch Agent or representative attended for the purpose of arranging discounts.

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repay. There were no defaulters under the heading of Advances made against ~~3½~~ War Stock or Bonds and all borrowers had repaid by the 6th March 1920, i.e. within one week of the official date given for repayment to be effected viz:- 1st March 1920. The amount lent against ~~3½~~ War Stock or Bonds accounted for £16,715,000 of the grand total of £21,795,000 advanced under all headings.

The only loan which was not repaid was that made to Messrs. Robinson & Mothersill, a firm of Stockbrokers in Manchester, in connection with "Loans made to the Stock Exchange under Treasury Scheme".

On the 16th November 1914 a "General Paragraph" on Stockbrokers' Loans was issued to all Branches drawing attention to the arrangement entitled "Loans to the Stock Exchange under Treasury Scheme" (of 31st October 1914) and in paragraph 1 it was definitely ordered that "all Loans which were outstanding on the 29th July last will be treated as coming under the Scheme announced in the newspapers of the 2nd instant to the extent of the amount at present outstanding".

On the 11th December 1914, a further "General Paragraph" was issued as follows:-

"With reference to recent instructions on this subject, I write to correct any misapprehension which

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"may have arisen in connection with our General Paragraph
"of the 16th ultimo. We there referred to Loans as
"'coming under the Scheme', but as the rules then laid
"down dealt with several matters to which the 'Scheme'
"does not refer (such as for instance the release of
"surplus securities) it is obvious that the Bank is
"doing a good deal more for its customers than a mere
"following of the Scheme would provide. Our use of
"the expression therefore must only be taken as
"indicating in a very general way the attitude adopted
"by the Bank. The Governors do not like the idea that
"our customers should think it necessary that their
"Loans should be brought under any 'scheme', as though
"the Bank could not otherwise be trusted to treat them
"with every possible consideration. We do not for a
"moment suppose that our customers have this idea, but
"though it is not desired that you should now initiate
"the subject with them you might take any opportunity
"that occurs of correcting any erroneous ideas. You
"may at the same time assure your customers that though
"we do not recognise any 'Scheme', they may certainly
"rely on the Bank treating them on as good, if not
"better, terms than those set forth in the published
"announcement.

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"Throughout the recent crisis and during the moratorium it has been the object of the Bank to treat its customers on normal lines, free from vexatious restrictions. It is in pursuance of this same policy that the Bank has taken up the position that has been indicated in regard to Stockbrokers' Loans, and it was also with this object in view that we recently asked you to arrange that Brokers should in future apply for renewal of their Loans from Settlement to Settlement."

When Mr. Mothersill, the sole partner in the firm of Robinson & Mothersill, died in 1916 as the result of an accident, it became necessary eventually to liquidate the loan by disposing of certain securities which were hypothecated and to write off an adverse balance of £6,552:11: 7 as irrecoverable.

The question of how far if at all the Bank were bound by the "Stock Exchange Scheme" came up in connection with this Loan in November 1918, when the price of a certain security was quoted above the price ruling at the July 1914 settlement. Could the Bank sell the security and use the proceeds in part repayment of the Loan? Sir William Leese* and Mr. Hansell, the Counsel who was consulted, expressed the following opinions:-

*Partner in Messrs. Freshfields (became Freshfields, Leese & Manns 1st January 1922), 31, Old Jewry, E.C., the Bank's Solicitors.

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Mr. Hensell: "I am of the opinion that the Scheme of 31st October 1914 does not apply to a loan by the Bank of England to one of its Banking Customers such as was the late Mr. Mothersill. In his particular case it would be enough to say that he was not a member of the 'Stock Exchange' because I think that the expression means as shewn by the context the London Stock Exchange and by paragraph 1 of the Scheme its application is confined to loans made to members of that body. But even if the loan had been made to a member of the London Stock Exchange by the Bank, I conceive that the Scheme on its true construction would not have been binding, though of course the Bank if it thought fit could give any of its customers the benefit of it. It seems to me that throughout the Scheme the Bank is supposed to be the source from which lenders other than itself obtain assistance, for it cannot be that the Bank could make advances to itself...."

Sir William Leese: "I think probably Mr. Hensell's opinion is perfectly right, but I quite appreciate that as the Bank of England have made it their practice to give their customers the benefit of the Scheme, whether applicable or not, it might leave them open to criticism afterwards if it could be said that exceptions had been made...."

CHAPTER IX

SUNDRY OFFICES AND BRANCHES

THE BRANCHES

Special Advances made by the Branches during the War

Branches	Loans in connection with Treasury Scheme of 31 Oct. 1914	Advances on 3½% War Loan	Special Advances on 4½% War Loan	Special Advances on 1917 War Loans (5% & 4½%)	Advances on Funding and Victory Bonds	Total
Manchester	£166,150	£5,428,490	£1,674,860	£39,230	£1,225	£7,309,955
Birmingham	89,500	727,475	3,000	18,845	225	839,045
Liverpool	683,850	5,645,310	102,000	89,440	-	6,520,600
Bristol	137,200	424,000	23,000	3,650	475	588,325
Leeds	220,941	3,718,085	400,000	855	-	4,339,881
Newcastle	-	205,040	31,050	243,510	28,800	508,400
Gull	148,750	75,225	64,000	108,590	1,250	397,815
Plymouth	-	-	-	9,000	1,000	10,000
Western	-	408,215	102,421	284,740	326,550	1,121,926
Law Courts	-	83,300	4,700	69,555	1,600	159,155
Maximum outstanding Total	£1,446,391	£16,715,140	£2,405,031	£867,415	£361,125	£21,795,102

CHAPTER IXSUNDRY OFFICES AND BRANCHESTHE BRANCHESDeposits

During the War, deposits at the Branches in common with Bankers' deposits generally increased considerably. At Manchester, for example, the Branch deposits on the evening of the 29th July 1914, i.e. just prior to the outbreak of War, totalled £1,500,000 and rose a fortnight later to £2,000,000. After that time there was a gradual tendency upwards and with the increased inflation of the years 1919 and 1920, it was not unusual to see totals amounting to £4/5,000,000. No doubt if the Branches had been allowed to take advantage of the accounts offered to them in the early days of the War, much larger figures would have been forthcoming. The total deposits on the following dates were:-

29th July 1914	£9,124,977
13th Nov. 1918	£13,125,716
29th Dec. 1920	£24,257,366

The business of the Western Branch, almost entirely a family and private one, remained intact and but for the agreement with the other Bankers* could have been largely increased. Of the three Bankers who had accounts with the Branch, the National Penny Bank was promptly wound up, thus saving the depositors from

*N.B. At the beginning of the War all Banks agreed not to take new accounts at each other's expense.

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serious loss. The other two, Messrs. H. S. King & Co. and Messrs. Holt & Co., found their work increased to such an extent that they had perforce to leave, Messrs. Holt & Co. transferring to Head Office where they could obtain the facilities required.

Government Accounts

Many and varied accounts were opened at all the Branches for the Government or for work in connection therewith. The Ministries of Food, Pensions, Health; the Sugar & Wheat Commissions, the Passport Office, War Salvage Depots, etc., may be cited as making full use of Branch facilities. The correspondence passing between the Head Office and the Branches in relation to Government Accounts was very voluminous.

Liverpool rapidly became a Naval Port and many Warships used the Mersey in the earliest days of the War. Consequently paymasters sought the Branch in order to cash their Navy Bills at sight, and the difficulty of identifying the legitimate payees had to be met. Altogether the Agent dealt with more than 150 different vessels of War including ships of the Australian Navy.

At the Western Branch the chief Government work was in connection with the Paymaster's account, whose demand for Currency Notes and silver increased

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to an enormous extent.

But on the Law Courts Branch in particular fell the main increase in Government work. In July 1917 the Government decided to take over the Enemy Alien Banks in this country, and upon the appointment of the Public Trustee as custodian the German Banks Department was opened in October.* Temporary help was introduced and the Staff, which in pre-war days had numbered 19, was increased to over 50, necessitating the building of a special room for that Department, besides other alterations in the Office and Treasury. To give some idea of the work, the total of the Securities lodged with the Law Courts Branch, which amounted to £16,000,000 in August 1914, had risen to £77,000,000 at the time of the signing of the Treaty of Versailles.

Belgian Refugees

The arrival of Belgian Refugees in England in the early part of the War caused arrangements to be set up at almost all the Branches (as the Refugees spread over the country) for the encashment of Belgian Notes. At Hull especially pressure was caused about the time of the fall of Antwerp, when shiploads of people arrived with little else but Belgian Bank Notes.

*Vide Sir Wm. Flender's Second Report on the Enemy Banks (London Agencies) dated the 13th December 1917.

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For a short time the National Bank of Belgium was represented at the Hull Branch by a Belgian cashier. In all, about 100,000 francs were changed into English money, at this Branch.

Eventually, the exhaustion of the Refugees' funds relieved the Branches of the work.

Gold Coin

From August 1916 onwards, any payments made by Branches in gold had to be reported to the Head Office. Gold coin, being withdrawn from circulation, was paid in by Bankers to the Branches in great quantities and was remitted in due course to London. In 1916, however, it was considered advisable to make arrangements for certain Branches to hold gold for the Head Office; over £6,000,000 was thus taken by the Liverpool, Birmingham, Manchester and Bristol Branches. £2,000,000 was returned in 1917 and the rest between the Armistice and the end of May 1919.

Early in 1918 arrangements were concluded under which the Admiralty placed H.M.S. "Exmouth" at the disposal of the Bank at Plymouth for the storage of gold received from abroad pending re-shipment to another destination. Some £10,000,000 worth of Treasure was thus dealt with.

CHAPTER IXSUNDRY OFFICES AND BRANCHESTHE BRANCHESSilver and Copper

A dearth of silver and bronze coin at various periods of the War caused the Branches considerable anxiety. Windfalls of copper and small coin from the proceeds of "Flag Days" came in handily at times, especially at Birmingham - and at Hull the Branch found the copper receipts from the Corporation Tramways department exceedingly useful. The Manchester Branch was compelled at the time of the greatest shortage to re-issue Worn Silver. At Newcastle where the Branch issues large quantities of silver, the position was often precarious, especially from the outbreak of the War to the middle of January 1915 and from September to December 1915, and the Branch was kept supplied by consignments from London or from other Branches every few days. At Plymouth also, where the demands of the Admiralty Dockyard had to be met, the scarcity of silver was a frequent source of anxiety, as local supplies which in normal times were regularly available, would suddenly fail. The need each week for a large amount of silver coin in specified denominations was only met by the staff continually sorting and counting silver coin obtainable in bulk from other sources.

CHAPTER IXSUNDRY OFFICES AND BRANCHESTHE BRANCHESBank Note Circulation

In the first two or three years of the War the Branch Bank Note Issues showed very little forward movement but after the close of the year 1916 the increase in the various Branch figures was most noticeable, culminating at Manchester in the latter part of 1920 with a circulation of "Manchester" Notes very nearly reaching £10,000,000.

A comparison of the average weekly pre-war circulation of Branch Notes with the circulation seven years later may be of interest:

	<u>Year 1913</u>	<u>Year 1920</u>
Manchester	£2,031,000	£9,013,000
Birmingham	874,000	3,662,000
Liverpool	1,589,000	6,291,000
Bristol	193,000	812,000
Leeds	729,000	3,334,000
Newcastle	452,000	2,037,000
Hull	212,000	1,339,000
Plymouth	94,000	567,000
	<u>£6,174,000</u>	<u>£27,055,000</u>

"Apart from the general inflation of Currency which has been such a conspicuous feature of the later

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"period of the War, an increase in the Bank Note
"circulation has undoubtedly been occasioned by the
"great increase in the amount of weekly wages earned
"by the artisan class which has made payment by Bank
"Notes a more convenient method than by Currency Note
"and incidentally this system has thrown upon the
"Branch Cashiers a certain amount of extra work in-
"volved by the exchange of Bank Notes presented by
"holders whose wages under more normal conditions
"would have been less than £5 per week."
(Mr. Peel, Manchester).

War Loans

The Branches of course took their share in the work of the various War Loans. So great was the pressure at the time of the issue of the 4th Loan in the summer of 1915 that it became necessary at Manchester to engage other premises and a small staff of stockbroker-clerk. The efforts of the Manchester Branch were subsequently acknowledged at a public function at the Town Hall. The total number of applications for all War Loans dealt with by this Branch was 30,000 representing an investment of £40,000,000.

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At Birmingham there were four "Campaigns" during which special appeals were made to the City - in all of which the Bank was involved.

At Liverpool the Agent opened and staffed an office at St. George's Hall or the Town Hall on several occasions during "Tank" and other weeks held in the City.

Strikes

The uncertainty caused by Strikes, and particularly by Railway Strikes, since the Armistice, was not without effect on the Branches. Increased provision for probable needs congested the Treasuries from time to time and this provision was only forthcoming from London on occasions by special transport arrangements under military escort. In September 1919 supplies of Notes and silver for Newcastle had to be conveyed by road from York with a military escort, as the N.E. Railway would not undertake responsibility of transport.

The same Strike occasioned at Birmingham a military guard for the Branch - an unprecedented event.

The Police Strike in 1919 seriously affected Liverpool, much damage being done by rioting, though not in the immediate neighbourhood of the Bank. By request of the Lord Mayor, the Branch relied upon internal resources and accordingly two members of the Staff took duty by day and three by night.

CHAPTER IXSUNDRY OFFICES AND BRANCHESTHE BRANCHESAir Raids

The question of the adequate protection of buildings came up as soon as air raids began. Sky lights were protected with expanded metal covers early in 1915 and in February 1916 stringent lighting restrictions were issued in Manchester and Liverpool.

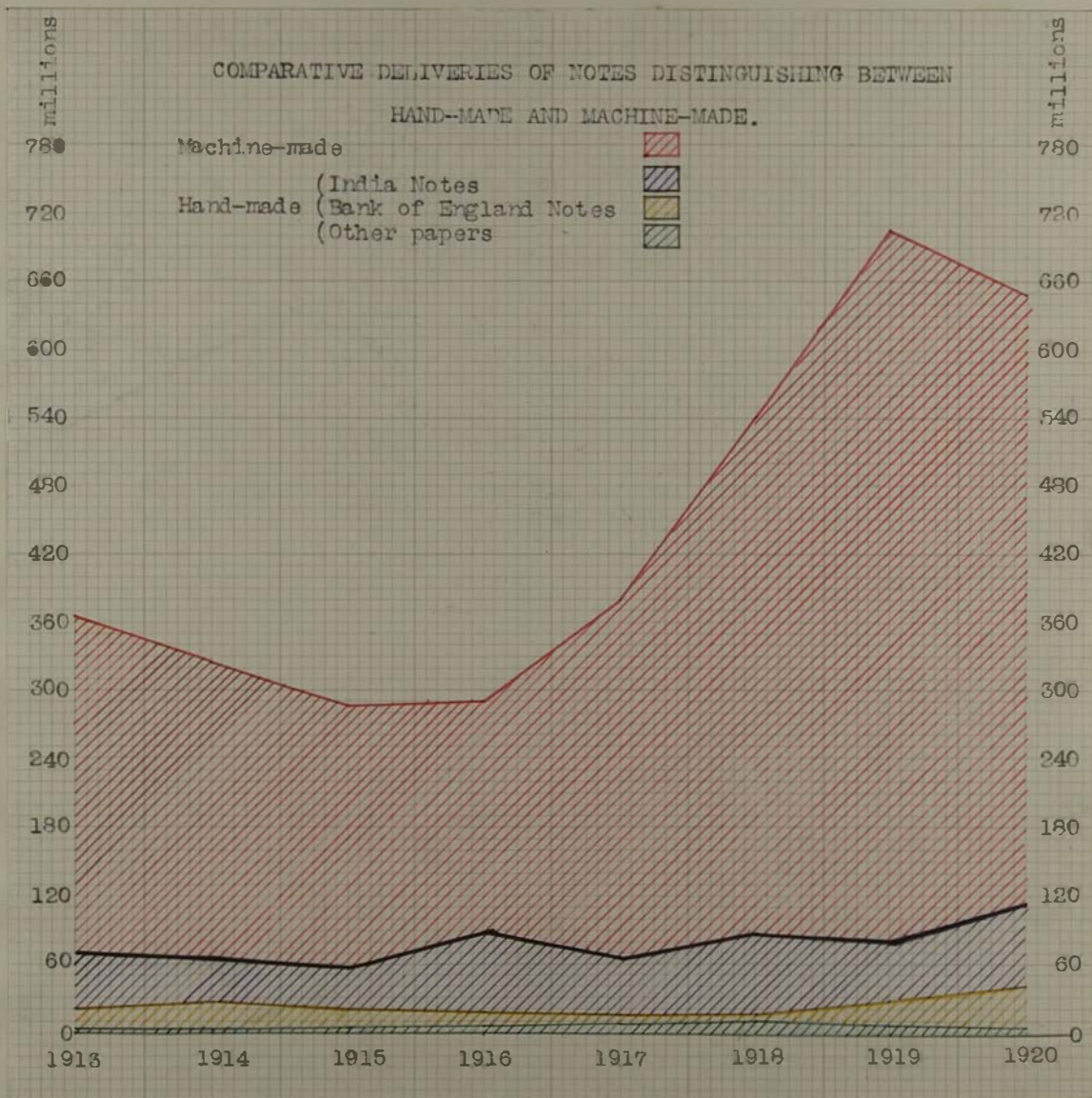
At the Western Branch the custody of some £50,000,000 Securities with the existing protection of a $\frac{1}{4}$ inch steel shutter surmounted by a dome of glass involved a risk too serious. The Bearer Securities were therefore temporarily transferred to the Head Office and new strong rooms were made during the winter of 1915/16.

It was at Hull that the most serious damage was experienced from actual warfare. There were 8 Zeppelin Raids when bombs were dropped, and 45 other alarms. Much minor damage was done in the City and casualties were heavy. The Bank had a narrow escape once or twice as bombs were dropped in the Old Town on several occasions.

Apart from the air raids, there was always a fear of the enemy landing on the coast. As a precautionary measure in October 1914 all the Hull securities were sent to Leeds and secret instructions for the removal of money were drawn up.

PORTALS

COMPARATIVE DELIVERIES OF NOTES DISTINGUISHING BETWEEN
HAND-MADE AND MACHINE-MADE.



MACHINE-MADE PAPER

- 1915 Reissue of Rs.5 discontinued.
1917 Issue of Rs.1.
1919 Rs.5 machine-made.

HAND-MADE PAPER

India

- 1915 onwards: increased demands: extension of
hours: decreased demand for other hand-
made papers as explained below.
1918 (Nov.) Only Rs.10 and upwards hand-made.

Bank of England Notes

- 1914 Output for August $7\frac{1}{2}$ millions as against
 $1\frac{1}{2}$ " for July.
1916 30 Nov. Reissue of Notes presented but not
to cancelled between 4th August and
1917 30 March 10th September 1914.
1917 24 April
to Reissue of selected Notes.
1919 11 April
1919 and Increase due to deposit of Bankers'
1920 gold and to increase of reserve
Notes to six months' consumption.

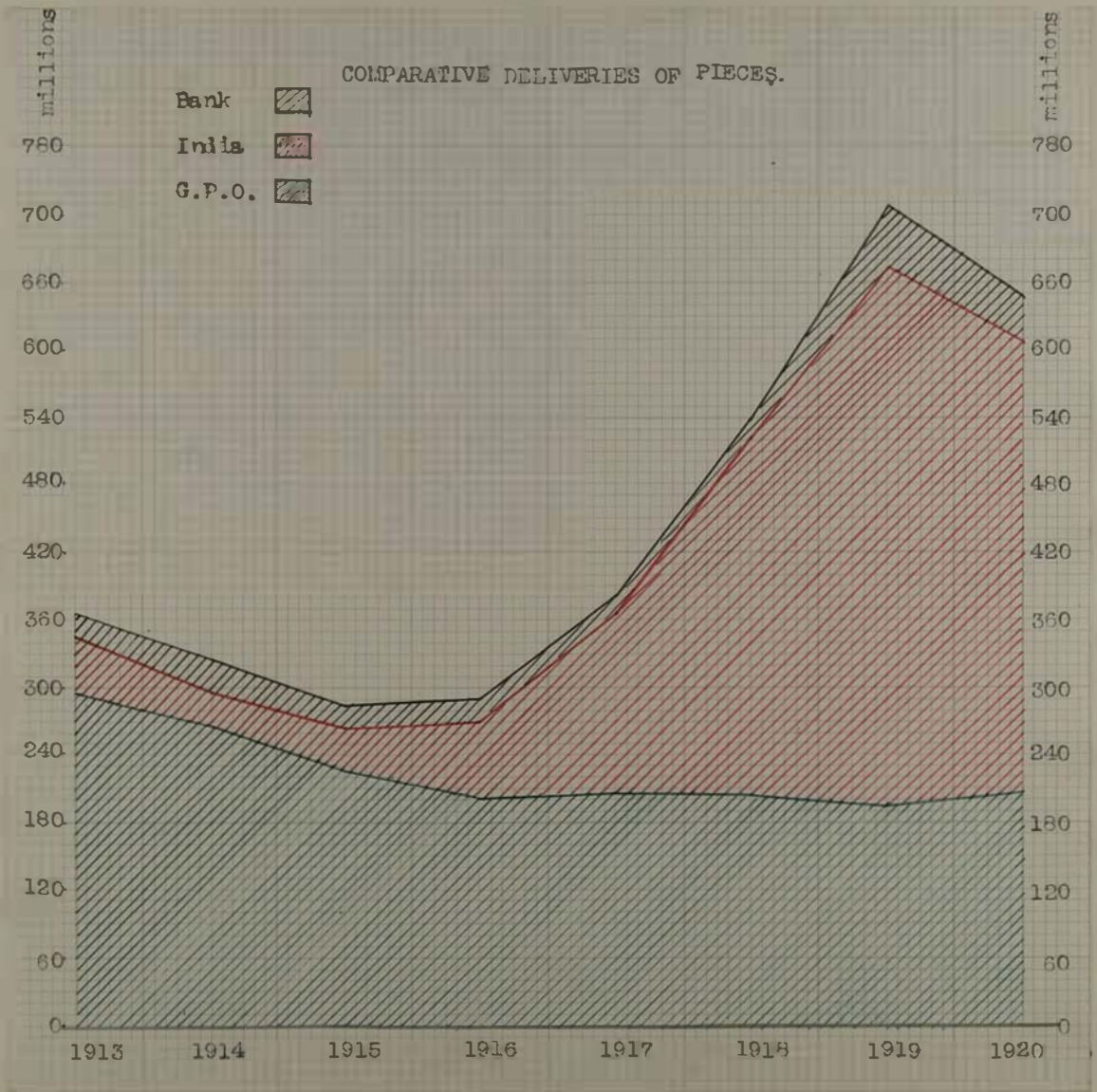
Dividend Warrant Paper

- 1920 40% of the paper mould-made: formerly hand-
made.

General Security Paper

- Large: machine-made since 1915.
Small: hand-made until 1918, then mould-made.

PORTALS



The increase is principally due to Indian deliveries.

1915 Reissue of Rs.5 discontinued.

1917 Introduction of Rs.1.

1919 Introduction of machine-made paper for Rs.5: consequent increase in Rs.10, etc., hand-made.

The reduction in General Post Office deliveries is attributable to

Increased poundage.

Use of Currency Notes in place of Postal Orders.

Loss of Contracts to Stationery Office.

PORTALS

PAYMENTS INCLUDING WAR COSTS.

