

# **THE BANKS IN THE CLEARING HOUSE**

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The banks in the clearing house by William Howarth

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**WILLIAM HOWARTH**

**THE BANKS IN THE  
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# THE BANKS

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# CLEARING HOUSE

BY

WILLIAM HOWARTH

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



LONDON:  
EFFINGHAM WILSON, 54 THREADNEEDLE STREET.

1905.



## PREFACE.

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

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

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

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

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

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

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

THE AUTHOR.

NEW CROSS, LONDON, S.E.

May, 1905.



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# THE BANKS

IN THE

## CLEARING HOUSE.

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### CHAPTER I.

#### THE LONDON BANKERS' CLEARING HOUSE.

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

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

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

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