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‘Penny banks’ in Glasgow, 1850–1914¹

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When William Callender of Royal Bank of Scotland’s Glasgow office died in May 1868, there was found, folded in the pocket of his greatcoat, a handwritten list of those ‘penny banks’ that he had played a significant role helping to create.² It begins with Barony Penny Bank, opened on 15 May 1852, and concludes with Working Men’s Provident Bank in Partick, that commenced on 18 March 1865. Over the intervening period, Callender had been involved in the promotion of 23 others, including some located far from Glasgow, such as at Broughty Ferry, Dundee; Padiham, Yorkshire; and Greenwich, Kent. That Callender contributed so much to the ‘penny bank’ movement and appeared to value these institutions so highly that he carried this note about with him at all times supports the *Glasgow Herald’s* 1860 description of his relationship to ‘penny banks’ as one of ‘the first who made the principle a living fact’.³ It also reveals something of the commitment of bank officers working in other institutions to the ‘penny bank’ cause. This was very much part of the middle-class and philanthropic attitude that sustained ‘penny banks’ and saw them develop as one of the most remarkable social phenomena of the nineteenth century.

This article will discuss the philanthropic approach of these institutions and relate them to ongoing work on the role of saving in the working-class economy. It will then describe their success in Glasgow during the second half of the nineteenth century, and conclude by examining case studies of two very different banks in some depth. The paper will conclude by suggesting some avenues for future research.

I

Scholarly work on the working-class economy in Britain during industrialisation has focused on a variety of areas: the standard of living debate, the nature of

¹ Earlier versions of this paper were presented at the Business History Conference, Palo Alto, March 2000, the Annual meeting of the Association of Business Historians, Royal Holloway, July 2000, and at the Glasgow-Gothenburg workshop, September 2000. I am grateful to all participants for suggestions. Generous assistance with data-entry was provided by the Adult Trainee scheme, operated by Glasgow University Archives and Business Records Centre.

² Glasgow University Archives and Business Records Centre [hereafter GUABRC]: Trustee Savings Bank Collection, TSB 63/15/4/3, Note taped into front cover, Penny Savings Bank Letters, 1860–66. An attached note, written by John Cruickshank indicated that Mr Callender had ‘long retained’ this list in his pocket.

³ *Glasgow Herald* (23 Oct. 1860).

working-class solidarity and the need for poor relief or philanthropy. Recently, a considerable amount of effort has been directed towards analysing the variety of institutions and agencies that sought to deal with the problem of poverty and the poor. Thus Williamson and Lewis have both discussed the 'mixed economy of welfare' in which poor relief, charity and other forms of assistance were accessed at different times and under varying conditions in order to help with smoothing income to match inconsistent or unpredictable income.⁴ Lynn Hollen Lees has discussed the 'multicampaign war on pauperism', suggesting that the suite of agencies which sought to ameliorate the worst effects of industrialisation, urbanisation and population growth constituted a fairly continuous spectrum by the end of the nineteenth century.⁵

There have been two main approaches to this spectrum. One notes the distinctions and gradations between the public provision of poor relief (e.g. the poor law) and the growth of privately owned and contracted industrial assurance societies. The second has considered these two perspectives in terms of the social context in which they were embedded; the distinction between the individual contracts with insurance companies and the explicitly solidaristic and mutual nature of many friendly societies. Friendly societies have been seen as key to understanding not only the fiscal but also, through their mutual organisation and the social benefits which they conferred on members, the social responses of the working class to the vicissitudes of urban, industrial living. 'Friendly societies were ... the most notable and widespread manifestation of providence: of the practice whereby, pooling risks, the working classes – or a proportion of them – made provision for bad times in more favourable periods.'⁶ Gorsky has sharpened the focus on the mutuality of these organisations, and ascribed the growth and success of many friendly societies during the early part of the nineteenth century much more to the opportunities that they afforded for the creation and integration of social networks than to their insurance function.⁷

Martin Daunton has sounded a caution against the application of a simplistic dichotomy between 'private and public, individualistic and collectivist' approaches to categorising welfare and saving institutions.⁸ He has argued that working-class organisations, such as friendly societies, reinterpreted middle-class notions of individualism and 'self-help' in terms of freedom from outside (state or middle class) control and collective identity.⁹ Paul Johnson's analysis of the burden of risk over

⁴ J. Lewis, *The Voluntary Sector, the State and Social Work in Britain* (London, 1995); and G. Williamson, *Citizen, State and Social Welfare in Britain, 1830–1990* (Oxford, 1990).

⁵ L. H. Lees, *The Solidarities of Strangers. The English Poor Laws and the People, 1700–1948* (Cambridge, 1998).

⁶ Williamson, *Citizen*, p. 27.

⁷ M. Gorsky, 'The growth and distribution of English friendly societies in the early nineteenth century', *Economic History Review*, pp. 489–511.

⁸ M. Daunton, 'Introduction', in M. Daunton (ed.), *Charity, Self-Interest and Welfare in the English Past* (London, 1996).

⁹ M. Daunton, *Royal Mail: The Post Office Since 1840* (London, 1985), pp. 92–3.

the period led him to contend that, within a fairly circumscribed hierarchy of status and by accessing whatever resources were available to them, working-class families were more concerned with managing their budgets satisfactorily than ideological or solidaristic principles.¹⁰ Expenditure smoothing was crucial for workers with insecure or unpredictable income streams; saving and borrowing were, therefore, essentially apolitical activities.

Within these overlapping and competing polarities (private/public, individualist/mutual, philanthropic/democratic), savings banks have been seen fairly consistently as belonging to the first of the various descriptors. They offered a private-sector savings vehicle (although with some state support and sanction), relying on individual contracts and decisions to save. Furthermore, they were explicitly philanthropic as they were run by the middle classes for the working class. The concept of trusteeship, which formed the organising principle for almost all the savings banks, was philanthropic and elitist. Further, the 'penny banks', which served to collect very small savings from the poorest of the working class, were imbued with the great middle-class virtue of voluntarism. They represented the good works of many well-meaning and religious middle-class philanthropists.¹¹ As such, working-class thrift and saving, revealed in savings or 'penny bank' balances, had different connotations to those virtues in the setting of friendly society payments. This was at least part of the motivation for the creation of the Post Office Savings Bank, although the delivery channel here was seen to be more publicly motivated and at least partly collectivist.¹²

Savings banks themselves have been little explored in the literature but there are two aspects of this discussion that motivate further analysis of working-class individuals' adoption of them as a vehicle for thrift. The first lies in Gorsky's downplaying of the insurance or provident motive for working-class membership of friendly societies.¹³ There is in this argument the implication that these motives were best met through participation in the middle-class dominated and philanthropically organised savings banks. Certainly, the success of the savings bank movement over the second half of the nineteenth century – and the continued success of the savings banks in Scotland in the face of competition from the Post Office from the 1860s – offers evidence that, when it came to saving excess income in times of relative prosperity, working-class families preferred to construct the individualist relationships which savings bank accounts offered.

The second imperative for exploring the savings banks more carefully than hitherto lies in the notion of stratification of the working class. The mutual activities

¹⁰ P. Johnson, 'Risk, redistribution and social welfare in Britain from the poor law to Beveridge', in Daunton, *Charity, Self-Interest and Welfare*.

¹¹ See, for example, E. O. A. Checkland, *Philanthropy in Victorian Scotland: Social Welfare and the Voluntary Principle* (Edinburgh, 1980), p. 136.

¹² A history of the Post Office Savings Bank remains to be written, but see Daunton, *Royal Mail*.

¹³ See also his discussion in M. Gorsky, 'Mutual aid and civil society: friendly societies in nineteenth-century Bristol', *Urban History*, 25, 3 (1998).

of groups of workers were explicitly designed not only to provide social networks and insurance benefits to members but also to exclude, by the principle of membership, those who either were unable to meet regular payments or, for any other reason – occupation, locality, religion, gender, etc. – did not qualify for the privileges bestowed. The working class was clearly not homogeneous. The only qualification required for a savings bank account, however, was the ability to make the minimum payment and, for those who found this beyond their reach, ‘penny banks’ developed from the 1850s. At the other end of the spectrum, Moss and Slaven have argued that one explanation for the success of savings banks in Scotland was the distaste which artisans (i.e. those most likely to have surplus funds available for regular saving) felt for the ‘snobbish attitude of the commercial banks towards small savers’.¹⁴ Small savings were expensive to collect and administer, and the Scottish chartered banks had no interest in encouraging working-class depositors to make use of their facilities.¹⁵ Savings banks as institutions, therefore, were relatively free from the complex mix of motives that attached to friendly and industrial assurance societies and the cooperative movement.

The most remarkable aspect of working-class saving in the nineteenth century, however, is the paucity of reliable and robust data. Paul Johnson has undertaken the most thorough investigation of working-class saving and credit institutions in Britain but has comparatively little to say about the savings banks.¹⁶ The history of the savings bank movement by H. O. Horne¹⁷ contains very little data on individual accounts and account holders, and the work by Moss and Slaven on the Trustee Savings Bank in Scotland is a private corporate history more concerned with the institution than the customers. An exception to this general rule is provided by Peter Payne’s 1967 article on the Savings Bank of Glasgow, which attempts a systematic analysis of deposits made at that bank, but it remains extremely limited, both in scope and time period.¹⁸ Johnson lamented the lack of data on the pattern of use of the savings account, and concluded that trends in working-class saving remained a matter for ‘speculative interpretation’.¹⁹ This is not the case for savings elsewhere. Alter, Goldin and Rotella’s analysis of the Philadelphia Savings Fund Society during the nineteenth century is built around a careful reconstruction of accounts and savings patterns. It examines three main hypotheses relating to

¹⁴ M. Moss and A. Slaven, *From Ledger Book to Laser Beam: A History of the TSB in Scotland From 1810 to 1990* (Glasgow, 1992).

¹⁵ Holmes and Green, for example, discuss the ‘distinct shift in attitude’ in the 1890s towards deposit gathering as a measure of a bank’s power: A. R. Holmes and E. Green, *Midland, 150 Years of Banking Business* (London, 1986), p. 100. Saville notes that this is partly explained by the change in legislation which allowed higher amounts to be deposited in savings banks, so making that market more competitive: R. Saville, *Bank of Scotland, A History 1695–1995* (Edinburgh, 1996), p. 381.

¹⁶ P. Johnson, *Saving and Spending: The Working Class Economy in Britain 1870–1939* (Oxford, 1985).

¹⁷ H. O. Horne, *A History of Savings Banks* (Oxford, 1947).

¹⁸ P. L. Payne, ‘The Savings Bank of Glasgow, 1836–1914’, in P. L. Payne (ed.), *Studies in Scottish Business History* (London, 1967).

¹⁹ Johnson, *Saving and Spending*, p. 102.

working-class saving: the precautionary approach (which provides the ability to smooth consumption over short-term variations in income), the life-cycle approach (which provides the ability to smooth consumption over the long term – particularly related to the impact of old age) and the notion of target savings (in which individuals save to meet more or less predictable large expenditures – e.g. funeral or emigration costs, or large purchases).²⁰ In Johnson's view, working-class saving was essentially short term and motivated by regular life-events – consequently, the life-cycle approach does not apply, and saving can be understood as being motivated by a combination of precautionary and target incentives.²¹ The data presented here do not allow a definitive analysis of these issues for working-class saving in Glasgow, but they do provide important insights into the potential for doing so.

II

'Penny banks' were essentially gatherers of very small savings from the poor working class. Samuel Smiles described them thus:

the Penny Bank is emphatically the poor man's purse. The great mass of the deposits are paid in sums not exceeding sixpence, and the average of the whole does not exceed a shilling. The depositors consist of the very humblest members of the working class, and by far the greatest number of them have never before been accustomed to lay by any portion of their earnings.²²

For Smiles, of course, these banks were wholly beneficial for both the depositors and society more generally; they displayed all the classic hallmarks of Victorian philanthropy in which well-meaning and dedicated members of the middle class provided the means by which the poorer classes could help themselves escape the tyranny and degradations of poverty and drunkenness.

The first 'penny bank' was founded in Greenock by James M. Scott. Greenock Provident Savings Bank, which retained the old form of operation throughout its existence (rather than becoming a Trustee Savings Bank), was established in 1815. Complaints that the poorer class of depositors were not as open to the benefits of thrift and economy as they might have been, however, were a common feature of the annual meeting. In its Annual Report of 1847, the hope was expressed that 'the working classes may, by continued representation, be brought to take such a view of their own interest as will induce them really to use the bank, as it was originally

²⁰ G. Alter, C. Goldin and E. Rotella, 'The savings of ordinary Americans: the Philadelphia Saving Fund Society in the mid nineteenth century', *Journal of Economic History*, 54 (1994). The life-cycle hypothesis has recently received support from Mats Larsson and his students at Uppsala University, Sweden. See, for example, L. Falting, H. Hellgren, T. Petersson and A. Sjolander, *Both a Borrower and a Lender Be – Savings Banks in the Economic Development of Sweden 1820–1939*, Uppsala Papers in Financial History, Report No. 12 (2000).

²¹ Johnson, *Saving and Spending*, p. 104.

²² S. Smiles, *Thrift* (London, 1882).

intended and expected they would'.²³ In the same year, there were 4,382 open accounts, of which only 1,490 had a balance of less than £5.²⁴ The previous year, in 1846, James Scott had applied to use the bank hall to conduct the business of what was then known as the 'Penny Club'. His plan was to open this club for two hours every day, between 8 and 10 a.m., for the receipt of sums from one penny to one shilling. The object was to 'promote habits of regularity and frugal economy ... for the benefit of persons of all ages, both sexes and every class'. The incentives to regular saving were powerful: 'one shilling will be presented by the committee to every depositor making regularly a weekly sum not less than one penny – additional premiums will also be awarded'.²⁵ During the first year of operation, 1846, the Club received £177 13s 11d. The following year, it collected £188 10s 9d and, in 1848, £208 3s 4d. The Trustees of the Greenock Provident looked upon this club 'in the light of a nursery and valuable auxiliary to the Provident Bank'.²⁶

It was this model of Greenock which the Revd Dr Buchanan held out to the 15th annual meeting of the Savings Bank of Glasgow in 1850. He noted that, despite the achievement of the Glasgow Savings Bank (already the largest and most successful in Scotland, soon to be the largest in Britain),

the banks' depositors ... still bear a small proportion to the thousands in our wide-spreading population who habitually spend their all from week-to-week in improvidence and vicious gratification ... this applied to the masses who existed in a stratum of society which the operations of this bank could not reach or contribute to elevate.²⁷

Buchanan noted the success of Scott in Greenock, citing 'no fewer than about 5000 depositors', as well as similar banks in London and Hull. Encouraged by these examples, the first 'penny bank' in Glasgow had been formed 'in one of the most degraded and necessitous districts of the city' and, over the first four weeks after it had been opened, 132 depositors had joined. He felt it to be particularly gratifying that many of those appeared to be making regular payments, and the average receipts for each evening were about £2.²⁸ Buchanan's purpose in describing this bank was to encourage others – 'gentlemen who felt interested in the social elevation of their fellow men' should start up similar institutions. In this he was successful – two more banks were founded over the following year and, by the end of the decade, there were 36 in Glasgow, with around 8,000 depositors.

This growth continued and, in 1863, Revd Dr MacLeod of the Barony noted that there were 64 such banks in and around Glasgow. The 20,028 depositors had some £3,000 to their credit, and approximately £2,500 had been transferred to the

²³ GUABRC: TSB 64/1/1/2, Minutes of Annual Meeting, 1847. Greenock Provident Bank, Minute Book, No. 2.

²⁴ *ibid.*

²⁵ GUABRC: TSB 63/15/4/3, Greenock Penny Club, Savings card inserted.

²⁶ GUABRC: TSB 64/1/12, Minutes of Annual Meeting, 1848. Greenock Provident Bank, Minute Book No. 2.

²⁷ GUABRC: TSB 63/1/4/, Report of 15th Annual Meeting of Savings Bank of Glasgow, 1850.

²⁸ *ibid.*

Savings Bank during the previous year. The latter was a result of the general rule that £1 was the maximum which could be held in any account – on reaching this amount, it would be transferred to the Savings Bank, and the latter was very aware of the benefits in terms of new customers which they gained by this means. As early as 1852, the Savings Bank Committee had referred to them as ‘auxiliary banks’, and looked forward to them bringing a large class of new customers to the Glasgow bank.²⁹

It was, of course, not only in Glasgow that the ‘penny bank’ movement took root. In Huddersfield which, according to Charles Dickens, was ‘that which first called any large share of attention to the subject’, a ‘penny bank’ was established in 1850, closely related to the town’s Mechanics Institute. Dickens argued that two things were important in the organisation of ‘penny banks’: the promoters should ‘graft it on some stable and successful institution for the working classes which may happen already to exist’; and, second, that the entire sum of the deposits should be guaranteed by individuals whose names and reputations were well known. The nursery or training element of the ‘penny bank’ was stressed in the title of the Huddersfield project – ‘Huddersfield Preliminary Savings Bank’.³⁰ By 1859, the value of ‘penny banks’ was being stressed throughout the country; John Erskine Clark, a vicar in Derby, noted that they had been established across England. The Birmingham penny bank, which had opened in 1851, had more than 13,000 accounts.³¹ In 1867 there were 874 ‘penny banks’ in the United Kingdom (682 in England, 169 in Scotland) with slightly under £60,000 in total deposits. The rhetoric is revealing of the quasi-religious fervour that underlay many good works of the period:

the Penny Savings Bank is the brilliant triumph of peace. It is the star of administrative power and order which peace alone can create, it is the fruit of freedom which peace alone can nurture; it is the mark of a perfecting confidence between our people and our government which peace alone can ripen.³²

Glasgow Penny Banks’ Annual Report of 1868 reported the President of the Yorkshire Penny Bank (which had 216 branches and 31,267 depositors) as saying that ‘the first idea ... was borrowed from your Scotch institution’.³³ It also cites examples of government officials in India starting savings banks there, and the beginnings of the Cents Savings Banks in Canada, under the aegis of Dr Laurence Hill, ‘who was long in Glasgow’. Horne describes the early promoters of ‘penny banks’ – Queckett in London and Sikes in Huddersfield.³⁴

²⁹ GUABRC: TSB 63/1/4/1, Annual Report of Savings Bank of Glasgow, 1852.

³⁰ C. Dickens, *Household Words: A Weekly Journal*, 4 (24 Jan. 1852), pp. 424–5.

³¹ John Erskine Clarke, *Plain Papers on the Social Economy of the People, No. II. Penny Banks* (London, 1859).

³² GUABRC: TSB63/15/2/1, Paper by Comptroller General: ‘The Penny Savings Banks in the United Kingdom that invest their deposits in Savings Banks’.

³³ GUABRC: TSB63/15/2/1, Annual Report of the Penny Banks Association, 1868.

³⁴ Horne, *History of Savings Banks*, ch. 10.

However, by the time of MacLeod's 1863 oration in Glasgow, it was clear that a more formal organisation was required to sustain the success of the 'penny banks'. He suggested that those in charge be paid for their labours – a suggestion never taken up – and proposed the creation of a committee 'for the reform, organisation and dissemination of penny banks throughout the city'.³⁵ At a meeting on 28 November 1865, Glasgow Penny Bank managers noted that uniformity of operation was the key to success and they adopted the following rules:

- 1 Each penny bank shall be worked by more than one person attending each time the bank is open.
- 2 Two records be taken simultaneously of each transaction.
- 3 The balance of cash be lodged weekly in the National Security Savings Bank.
- 4 The ledger be balanced at least every six months and the balance be audited by the Trustees, or by an auditor appointed by them.

These rules formed the basis of operation in all penny banks, and were quickly codified in a pamphlet prepared by William Meikle, the cashier of the Savings Bank of Glasgow. The Penny Savings Bank Association held its first Annual General Meeting in the Religious Institution Rooms on 24 January 1866.³⁶ John Cruickshank, the secretary, invited all 'penny banks' in and around Glasgow to join the association, but a number refused. The Anderston Church Pence Savings Bank replied, for example, that 'we cannot at present remember having experienced any peculiar difficulties as to the management of our bank, but should any such occur, we shall be most happy to put ourselves in communication with you'.³⁷

Membership of the Association had some advantages, with the Savings Bank of Glasgow undertaking to provide, free of charge, the necessary books and stationery for starting a penny bank, while Meikle's *Penny Savings Banks: How Formed and Managed* (1868) received widespread publicity. Furthermore, the Council of Management of the Association decided to issue a uniform placard 'to draw public attention to the Penny Banks'.³⁸ On application, each bank could receive up to 100 of these for posting and distribution throughout the locality in which they operated. This was a popular scheme, and it resulted in a considerable increase in applications to join the Association. It also, however, gave rise to some complaints. In a letter to Cruickshank, John Colville wrote:

On behalf of the Berkely St. Mission District Penny Savings Bank, I wish to draw your attention to the issue of the new bill by the Finnieston Bank. This is one of your bills posted up in Paterson St. directly opposite the schoolroom where our bank is held. I think that this is hardly fair. We do not think it very consistent, after the remarks you made at the social

³⁵ GUABRC: TSB 63/1/4/1, Annual Report of Savings Bank of Glasgow, 1863.

³⁶ GUABRC: TSB 63/15/14/1, Penny Savings Bank Association letterbook.

³⁷ GUABRC: TSB 63/15/14/3, Penny Savings Bank Association letterbook, letter from Anderston Church Pence Savings Bank. See also TSB 63/15/14/, letter from Rossneath, 22 Jan. 1866.

³⁸ GUABRC: TSB63/15/14/110, Penny Savings Bank Association letterbook, Apr. 1867.

evening about one bank encroaching on the territory of another, that so soon after the remark, the bank of which you are the secretary should trespass so openly.³⁹

Not all the banks were a success and 49 had closed between 1852 and 1866.⁴⁰ It is not clear why, although the Whiteinch Penny Bank, which subsequently closed in 1867, reported

no pecuniary difficulties whatever ... the one condition required was that [our] efforts be regarded with some measure of appreciation by the Whiteinch community ... long before we closed we had satisfied ourselves that the amount of time and labour spent in conducting the bank, far exceeded any little good that was resulting therefrom.⁴¹

Most banks were open once a week, on Saturday evenings between 6 and 8 p.m., although other days, such as Mondays, were also used. Of the 61 banks shown in Figure 1, 54 were open on Saturday evenings, 5 on Mondays, one on Thursdays and one on Fridays. This pattern was clearly designed to encourage individuals to deposit what they could afford immediately on receiving the week's wages. Where possible, subtle pressure was exerted on depositors – the annual report of 1869 noted that in Busby 'the foremen of the various works wait at the pay table and gather in the books and the small deposits of the workers'.⁴² It would be difficult to miss the implied threat in such an arrangement. In both Whiteinch (before it closed) and Menstrie, the bank only opened on alternate weeks since wages were paid fortnightly and, in the latter village, 'they indeed who are the employers chiefly are to be trustees as well'.⁴³

The Association carried out a programme of inspection. Between February and April 1869, 24 penny banks were visited at least once and the visitors were willing to intervene in the running of the bank if they thought it necessary. Both the Gorbals Penny Bank and a Church Institute bank needed some assistance in meeting the standards set by the Association. Churches and philanthropic/Christian missions had been the mainstay of many of the banks but the Association argued that localities rather than any individual denomination should be used in names. They stressed the practical value of the work 'entirely divested from sectarian motives or tendencies'.⁴⁴ Figure 1 shows a map of banks in 1866 and reveals their spread across the city, concentrating in particular in the east and the working-class communities of Anderston, Finnieston and Gorbals. The relative absence of 'penny banks' in the more prosperous and recently developed west end is also noticeable.

³⁹ GUABRC: TSB63/15/14/1, Penny Savings Bank Association letterbook, Colville-Cruickshank, 11 Jun. 1867.

⁴⁰ GUABRC: TSB63/15/14/1, Penny Savings Bank Association letterbook, List of Penny Banks, showing the year when each was closed.

⁴¹ GUABRC: TSB 63/15/14/1, Penny Savings Bank Association letterbook, Hamilton-Cruickshank, 26 Feb. 1867.

⁴² GUABRC: TSB63/15/2/1, Annual Report of the Penny Banks Association, 1869.

⁴³ GUABRC: TSB 63/15/14/1, Penny Savings Bank Association letterbook, Hamilton-Cruickshank, 19 Oct. 1866; Donaldson-Cruickshank, 8 May 1868.

⁴⁴ GUABRC: TSB63/15/2/1, Annual Report of the Penny Banks Association, 1869.

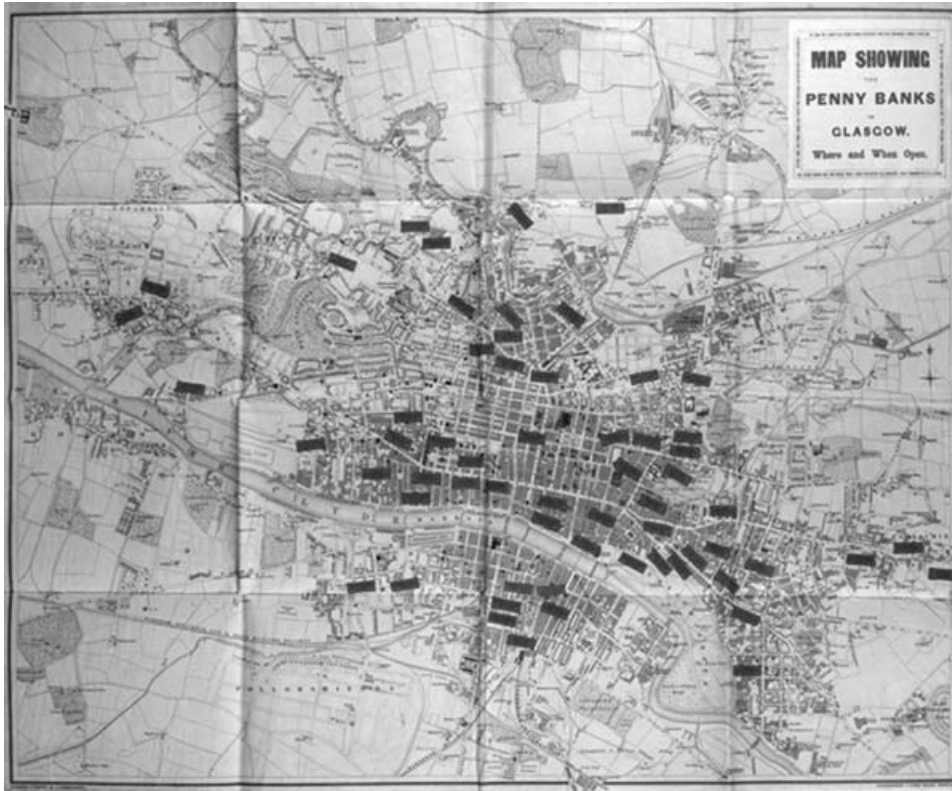


Figure 1. *Penny banks in Glasgow, 1867*

The success of the 'penny bank' movement in Glasgow is evident in Figure 2, which shows the number of operating banks and open accounts at the end of each year as reported by the Penny Banks Association. By 1914, there were 279 such banks in and around Glasgow, with in excess of 80,000 accounts, holding just over £26,000. Between 1864 and 1914, these banks had transferred in excess of £1.2 million to the Glasgow Savings Bank. The trend in this graph is clear: rapid growth during the early years followed by a plateau through to the end of the century and, then, a second rapid rise after 1904. This last aspect is explained by the expansion of school banks.

From 1873, the Penny Banks' Association entered upon a campaign to have banks located in schools. The encouragement and inculcation of good habits among the young was seen as one of the chief ways by which the philanthropic goals of the movement could be met; 'the early instillation into the youthful mind of habits of thrift and prudence cannot but be fraught with great and lasting good to the individual and to the community at large'.⁴⁵ This coincided with the requirement

⁴⁵ GUABRC: TSB 63/15/2/1, Report of the Penny Savings Banks, 1877.

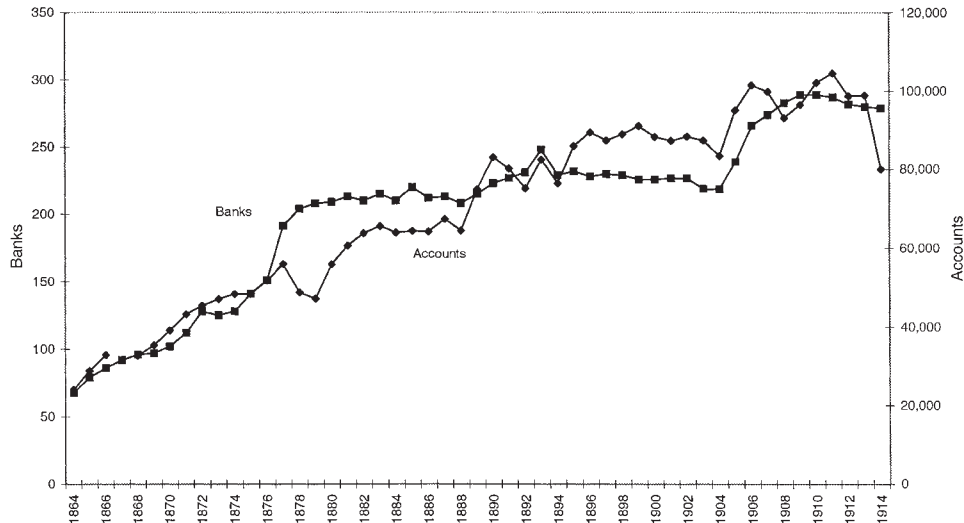


Figure 2. *Number of penny banks and number of accounts, Glasgow 1864–1914*

Source: Annual Reports of the Penny Banks Association, GUABRC TSB 63/15/2/1.

of compulsory attendance in the city, and school boards had been created to administer the provision of education in 1872. The Penny Banks' Association held meetings with members of the school boards, with a view to establishing a bank in every school. To further their cause, they printed an abridged version of a pamphlet on school banks in Belgium, and forwarded it to members.⁴⁶ School banks were fairly common in Belgium, France, Italy and The Netherlands, and they spread slowly to the cities of London and Liverpool.⁴⁷ In Glasgow, agreement was reached with the school boards in 1877 for the opening of banks in schools, and by the end of 1878, there were 14 operating in board schools. These banks had taken almost £900 and repaid £775 in more than 33,000 transactions.⁴⁸ The same year, the Council of School Managers, meeting in Liverpool, resolved that 'the teaching of thrift should become part of the national education'. Great things were ascribed to the operation of school banks, including increased attendance and interest in school work.⁴⁹ Lasting success was, however, elusive, and the Glasgow School Board reported a falling off in business from 1879, when the whole subject was referred to the Finance Committee, whose members were asked to examine ways of developing

⁴⁶ GUABRC: TSB 63/15/2/1, Report of the Penny Savings Banks, 1873, 1874.

⁴⁷ See Horne, *History of Savings Banks*, pp. 194–5.

⁴⁸ Glasgow City Archives [hereafter GCA]: D-ED 1/1/1, Glasgow School Board Minutes, 13 Jan. 1879.

⁴⁹ GUABRC: TSB 63/15/2/1, Quotation from the Conference of School Managers, Liverpool, 28 Jan. 1878. Report of the Penny Savings Banks, 1878.

it.⁵⁰ Horne notes that William Meikle had never been particularly persuaded of the opportunities for spreading the word in schools and that it was not until 1904, with the coincidence of the new Local Education Authorities and the Savings Bank Act which allowed the savings bank trustees to donate stationery and other expenses, that school banks made any real impact.⁵¹

III

The position of children in ‘penny banks’ varied considerably. Dickens argued that the ‘object of a Penny Bank is to assist the youthful portion of the working classes – those who for the first time are beginning to receive wages for their labour – in the formation of careful and prudent habits’.⁵² Horne discussed children’s saving almost entirely in the context of school banks, and Payne suggested that ‘penny banks’, like savings banks, were mostly frequented by workers.⁵³ Nevertheless, it is clear that many ‘penny banks’ in Glasgow and the surrounding area were targeted primarily at children. Tron Penny Savings Bank advertised a meeting in December 1866 at which prizes would be given to those who had made regular deposits. It was ‘hoped that as many of the parents as can come will do so’.⁵⁴ The manager of the Saltcoats (North Ayrshire) ‘penny bank’ reported in March 1866 that he took in deposits at the town’s Royal Bank ‘to give an opportunity to those who feel coming to the penny bank among so many children’.⁵⁵

One bank that was explicitly targeted at children was Busby Penny Savings Bank. Founded in February 1852 and driven by the energies and enthusiasm of a local surgeon, Dr John Ross, it was thought a penny bank ‘would be useful in training the juvenile portion of the community to habits of economy and foresight’.⁵⁶ A subscription was raised in the village in order to provide six per cent interest on all deposits, and Busby came to be seen as the most successful of all ‘penny banks’. Certainly this was true in terms of market penetration. Its 1856 annual report noted that, from a population of approximately 1,500, 332 people had made deposits during the previous year and that, furthermore, ‘all the depositors are children’.⁵⁷ Table 1 contains the details of a census of the village undertaken by the local Minister in 1858. More than half the children in the village were depositors in the

⁵⁰ GCA: D-ED 1/1/1, Glasgow School Board Minutes, 15 Mar. 1880.

⁵¹ Horne, *History of Savings Banks*, pp. 196–7.

⁵² Dickens, *Household Words*.

⁵³ Horne, *History of Savings Banks*, ch. 10; and Payne, ‘The Savings Bank of Glasgow’, p. 156.

⁵⁴ GUABRC: TSB 63/15/14/1, Penny Savings Bank Association In-letters Book. Advertisement for Tron Penny Savings Bank, 1 Dec. 1866.

⁵⁵ GUABRC: TSB 63/15/14/1, Penny Savings Bank Association In-letters Book, Letter from Alex Wood to Meikle, 19 Mar. 1866.

⁵⁶ GUABRC: TSB 63/15/6/1/1, Busby Penny Savings Bank, Managers’ Minute Book, First Annual Report, 14 Jan. 1853.

⁵⁷ GUABRC: TSB 63/15/6/1/1, Report of Busby Penny Bank for the Annual Soirée on 16 Jan. 1856.

Table 1. *Busby census taken by the Reverend Mr Dick, 1858*

Total population in village	1,751
Number of account holders in penny bank	309
Number of children over 6	613
Number of families, with children under 14, not depositing	108
Number of children under 14, not depositing	299
Number of families with children under 14, depositing	133
Number of children under 14, depositing	309

Source: Glasgow University Archives and Business Records Centre; Trustee Savings Bank Collection, TSB 63/15/6/1/1, Busby Penny Savings Bank, Managers Minute Book.

Table 2. *Busby Penny Savings Bank, Annual Abstract, 1852–1868*

Year	No. of depositors	No. of deposits	Amount deposited £-s-d	No. of payments	Amount paid £-s-d	Amount transferred £-s-d	Accounts open 20 Nov.	Average deposits per account
1852	108	1,082	48-5-2	41	18-9-6	12-3-6	90	10
1853	200	2,149	91-16-5	95	43-19-8	14-0-0	142	10
1854	256	5,190	121-14-4	113	74-11-1	31-0-0	200	20
1855	332	8,485	158-9-5	234	160-11-8	72-1-6	247	25
1856	409	12,054	255-18-2	306	181-5-9	68-7-0	326	29
1857	502	12,222	292-10-4	481	379-13-5	240-10-1	340	34
1858	550	12,767	349-4-4	524	347-11-0	171-15-0	430	23
1859	566	13,288	398-0-2	584	349-3-0	161-0-0	445	23
1860	675	13,479	411-9-11	702	473-3-2	228-9-0	490	20
1861	654	11,330	349-4-10	682	327-8-9	91-7-0	422	18
1862	579	10,285	324-11-5	615	353-3-7	152-13-9	413	18
1863	665	12,143	406-18-10	702	374-6-0	205-7-0	495	18
1864	662	12,740	430-1-10	790	446-10-2	268-15-5	494	19
1865	742	14,543	468-13-10	491	454-16-1	245-12-0	596	19
1866	816	18,578	590-0-10	955	544-1-10	300-11-11	631	22
1867	856	18,317	630-13-8	1,171	646-9-10	283-8-1	604	21
1868		16,933	655-11-7	970	635-18-1	295-8-6	625	27

Source: Glasgow University Archives and Business Records Centre; Trustee Savings Bank Collection, TSB 63/15/6/1/1, Busby Penny Savings Bank, Managers Minute Book.

‘penny bank’, and it is clear that the other half were subject to some moral pressure. The census was taken in May and, by November of 1858, the number of open accounts had risen to 430, although by then it may be that not all of the account holders were children.

Table 2 provides details of the operation of the bank on an annual basis between

Table 3. *Bonuses paid to regular depositors in Busby Penny Bank, 1853-55*

1853			
<i>Deposits</i>	<i>Number</i>	<i>Amount s-d</i>	<i>Total £-s-d</i>
51	1	4-0	4-0
45-50	6	2-6	15-0
40-44	6	2-0	12-0
35-39	2	1-6	3-0
30-34	6	1-0	6-0
Total			2-0-0
1854			
52	8	4-0	1-12-0
50-51	13	2-6	1-12-6
45-49	5	1-6	7-6
40-45	26	1-0	1-6-0
Total			4-18-0
1855			
52	54	2-0	5-8-0
51	2	1-0	2-0
49	8	1-0	8-0
48	5	1-0	5-0
Total			6-13-0

Source: Glasgow University Archives and Business Records Centre; Trustee Savings Bank Collection, TSB 63/15/6/1/, Busby Penny Savings Bank, Managers Minute Book.

1852 and 1868. A number of items are of particular interest. First, it is clear that there is an element of account turnover; the number of open accounts was always smaller than the number of depositors in any given year. Second, dis-saving clearly occurred in a number of years, notably 1857, 1860 and 1862. Third, and perhaps most interesting, is the final column on the average number of deposits per account. Regularity was the driving principle of this bank – ‘the habit of saving is more important to the children than the money saved’.⁵⁸ In January 1853, a Mr Crum introduced a bonus scheme by offering to make additional payments to those who had deposited most regularly. Table 3 records the payments made by Crum in 1853-55 – after which he had ‘now accomplished what I wished, I will not consider myself called upon to give any reward for next year, and hope the good habit formed will prove its own reward’.⁵⁹ It should be remembered that the bank was

⁵⁸ GUABRC: TSB 63/15/6/1/1, Busby Penny Savings Bank, Managers’ Minute Book, 1st Annual Report, 14 Jan. 1853.

⁵⁹ GUABRC: TSB 63/15/6/1/1, Busby Penny Savings Bank, Managers’ Minute Book, Letter from Mr Crum, 26 Dec. 1855.

only open once per week, and so the maximum possible number of deposits was 52. That 54 people achieved this number in 1855 is testament to not only the individuals' saving power but also the proseletysing ability of the promoters of the 'penny bank'. The great success of this bank brought admiring glances and requests for assistance in establishing similar institutions from throughout the United Kingdom.

IV

Bellshill Penny Bank, located in a mining and agricultural village ten miles to the east of Glasgow, with the steel and railway industries close by, was used more by workers than children. However, approximately half of the entries for which a description was entered in the ledger books described the account holder as 'son of' or 'daughter of' another person. This bank was established in January 1861 and ceased to operate in December 1867, and complete ledgers and cash books from this entire period have survived. Unfortunately, it is not possible to say very much about the occupational distribution of savers in this 'penny bank' since such information was recorded only haphazardly. Table 4 provides the details of the operation of all 9,196 transactions in the 309 accounts opened in that period.

Panel A reveals that transfers added up to almost as much as deposits, and that withdrawals were limited in both amount and number. The median and modal deposits were very small (reflecting the aims of the 'penny bank'). Yet they imply that regular surplus cash was being deposited and then transferred to the savings bank, indicating perhaps that this bank was being used as a long-term saving vehicle, rather than short-term liquidity store. Panel B reinforces this picture but also shows the extent to which these data are skewed by some of the larger accounts. The mean total amount deposited was £3 10s 2½d, while the median was 12s. Panel C offers some different suggestions. The number of accounts from which withdrawals were made is significantly greater than the number of accounts from which transfers happened. Most of the accounts, therefore, never reached a balance of £1. The number of deposits in each account is significantly greater than the number of withdrawals, suggesting that small repeat deposits were then withdrawn in times of cash shortage. The mean and median number of withdrawals, however, certainly cast doubt on the presence of repeat saving, which is a feature of the regular/precautionary approach to saving. Rather, there is evidence that for some sections of the saving population in Bellshill, this bank did provide an important service as a short-term liquidity store. Since the mean and median number of transfers are greater than the mean and median number of withdrawals, there is also some further evidence of longer-term – or at least larger-amount – accumulation. For others, it is clear that the penny bank was very little used.

Figures 3–5 provide additional insights on this data. Panel A of Table 4 revealed that the overall mean deposit was 6d, but Figure 3 indicates that in 65 cases the mean deposit was less than this. The proliferation of accounts in which the mean

Table 4. *Bellshill Penny Bank, 1861–67*

	<i>Totals</i>		
	<i>Deposits</i>	<i>Withdrawals</i>	<i>Transfers</i>
<i>Panel A: All transactions</i>			
n	8,154	731	311
Total (£)	842.53	107.85	733.43
Mean (d)	24.79	83.22	240.79
Median (d)	7	66	240
Mode (d)	6	60	240
<i>Panel B: Turnover by account</i>			
n	8,154	731	311
Total (£)	842.53	107.85	733.43
Mean (d)	654.39	83.77	569.66
Median (d)	144	53	0
Mode (d)	240	0	0
<i>Panel C: Activity by account</i>			
n	309	240	125
Total	9,196	8,154	311
Mean	29.76	26.39	1.01
Median	9	8	1
Mode	2	1	1

Source: Glasgow University Archives and Business Records Centre; Trustee Savings Bank Collection, TSB 63/15/6/1/, Busby Penny Savings Bank, Managers Minute Book.

deposit was less than 1s is clear; but so too is the substantial number of accounts in which the mean deposit was greater than 5s. While the focus on small savers clearly sites the Bellshill Penny Bank within the general, working-class, poor savers ‘penny bank’ approach, the range of amounts deposited suggests that others were making use of it also. There is no record in this period of a savings bank being opened in Bellshill, which may explain the higher amounts being regularly deposited and transferred to Glasgow Savings Bank.

Figure 4 addresses the question of regular, or at least repeat, saving and reveals a very different picture from that established for the childrens’ bank in Busby. Panel C of Table 4 shows that the mean number of transactions per account was very low indeed, and the ‘normal’ operation of an account was for a few deposits followed by a single withdrawal. Figure 4 buttresses these data by showing that, of the 309 accounts examined, 150 contained fewer than 10 transactions. There may be some support here for the idea of target or precautionary saving although, as noted above, the mean and median number of withdrawals do not lend credence to a repeated pattern of saving followed by expenditure. One possible explanation which is not

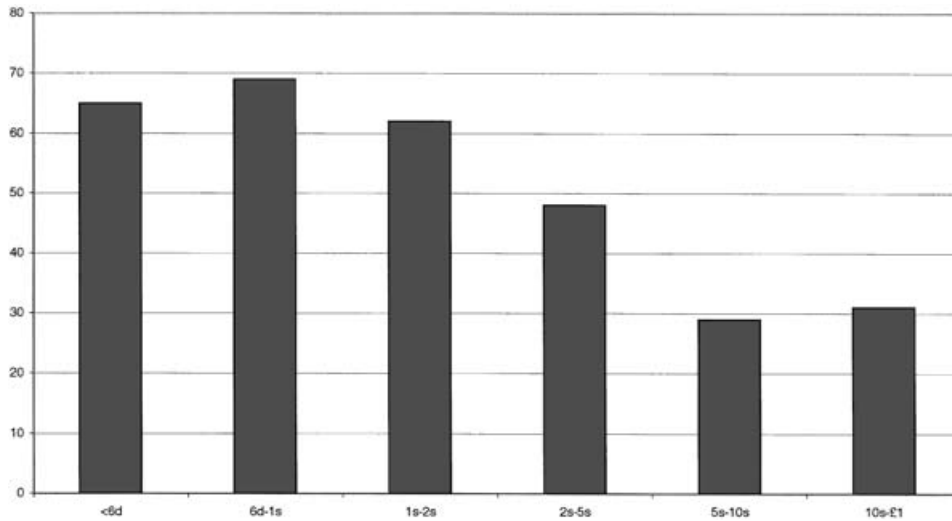


Figure 3. *Bellshill penny bank: average deposits per account, 1861–67*
 Source: Bellshill Penny Bank, Ledger and Cash Books, GUABRC TSB 63/I5/I3/I/I.

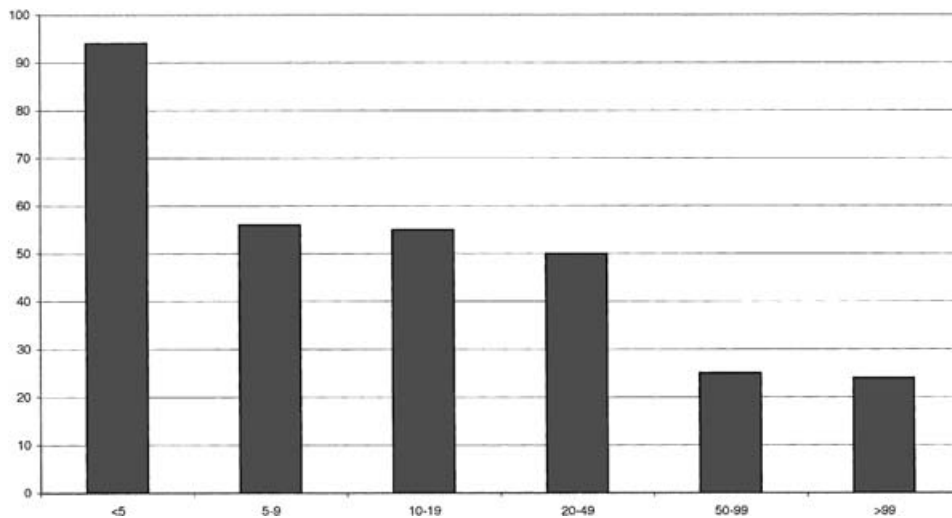


Figure 4. *Bellshill penny bank: no. of transactions per account, 1861–67*
 Source: See Figure 3.

accessible with these data is that individuals were saving small amounts in the ‘penny bank’, but withdrawing larger amounts from their transferred balances at the savings bank. Figure 5 suggests that 137 of the accounts opened at Bellshill were closed again within one year. It is difficult to interpret this, beyond noting that for these

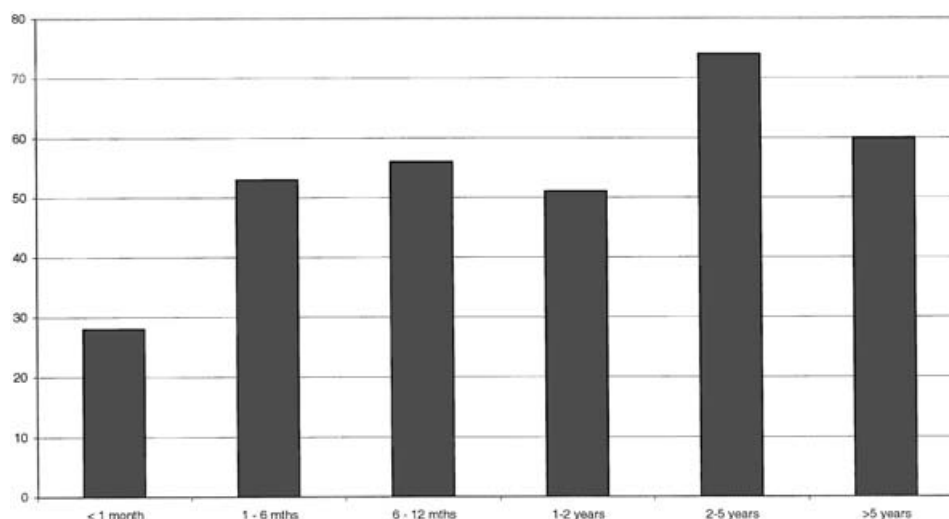


Figure 5. *Bellshill penny bank: accounts open for selected durations, 1861–67*

Source: See Figure 3.

savers, use of the ‘penny bank’ obviously represented a short-term liquidity saving function. The final two columns provide evidence, however, of relatively long-term saving in a bank that was only open for seven years and active for six. These will be inflated, however, by the large number of accounts that were opened, used for a short period and then left dormant – either to be only closed at the end of the bank’s life or, indeed, never closed at all. The bank was closed in December 1868, although, as noted above, it had ceased to operate just over a year earlier. The cash books for the last three active dates in 1867 record a total of 69 repayments, compared to only 18 deposits. Many of these repayments were made from accounts that had not been used for a considerable length of time. In March 1869 there were still 54 accounts which had not been closed, with a total unclaimed balance of £5 os 4d. After advertising locally, at a cost of 2s 6d, a number of claimants came forward, but most did not.⁶⁰

In the Bellshill Penny Bank, therefore, most saving took the form of accumulation of small amounts saved over a long period and then transferred to the savings bank. This suggests an element of precautionary or target saving. For most people who used the penny bank, however, very short-term and non-recurrent saving appears to have been the norm; the penny bank acted as little more than a one-off, short-term liquidity store. Such a conclusion may be consistent with an element of target saving but it was clearly not precautionary, or life-event dominated. There is neither sufficient data, nor a long enough period of records, to be able to assess the extent (if any) of life-cycle saving through the penny bank.

⁶⁰ GUABRC: TSB 63/15/13/1/1, Bellshill Penny Bank Cash Book.

V

This paper has explored the extent and nature of ‘penny bank’ saving in Glasgow during the second half of the nineteenth century. These institutions existed as part of the network of philanthropic organisations in the quintessential industrial city. They represent, however, a voluntary and individualist decision to engage in saving in contrast to the mutual organisations, such as friendly and industrial welfare societies that also proliferated during this period. ‘Penny banks’ were frequented by the poorer sections of the working class – those for whom saving represented a difficult and occasionally sacrificial effort. There is also some evidence that they were targeted – as part of the philanthropic zeal of some of their founders – at children. The enormous success of ‘penny banks’ in Glasgow, and throughout the United Kingdom, is powerful evidence, however, that a great deal of saving was taking place, even amongst the poorest sections of society. The case studies presented here focused on one ‘penny bank’ aimed almost exclusively at children, and one more ‘mixed’ institution. Market penetration and regularity of saving are the key elements displayed in Busby, while in Bellshill little support for precautionary or life-event saving could be discerned. It is clear that considerable saving was taking place, and that ‘penny banks’ operated both as short-term liquidity stores and as vehicles for longer-term and larger-amount savings. Further research, aimed at identifying the characteristics of those who engaged primarily in each type of saving is required. A focus on the relationships between saving, occupations and wages is the likeliest path to furnish such information.