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Leaders of Afro-American Nashville

PEOPLE'S SAVINGS BANK AND TRUST COMPANY (1909-1930)

African Americans in Memphis and Nashville, Tennessee, established four financial institutions within the first decade of the twentieth century. They were the One-Cent Savings Bank and Trust Company (1904) and the People's Savings Bank and Trust Company (1909) in Nashville; the Solvent Savings Bank and Trust Company (1906) and the Fraternal Savings Bank and Trust Company (1910) in Memphis.

On July 31, 1909, the People's Savings Bank and Trust Company opened at 410 Cedar Street and became the third financial establishment in Nashville's African-American community. Black Nashville's first banking institution, the Freedmen's Savings Bank and Trust Company opened in 1865, during the Reconstruction era, and was one of the four branches (Memphis [1865-74], Chattanooga [1868-74], and Columbia [1870-74] located in Tennessee. The Freedmen's Bank and Trust Company and all of its 33 branches failed in 1874. In part, the national bank's failure was due to fraud and mismanagement by poorly trained white officers, unsound lending practices, and the 1873 depression. Because regulations required the branches to keep the majority of their assets on deposit in the national branch, the Nashville bank failed in spite of its sound economic base.

In 1890, notwithstanding the 1874 bankruptcy of the Freedmen's Savings Bank and Trust Company, African Americans in Chattanooga opened the Penny Savings Bank. This banking enterprise attracted investors from Atlanta and Nashville, including James C. Napier, who served on the bank's board of directors. However, three years later the bank collapsed, due in part to the 1893 financial panic.

After the 1874 collapse of the Freedmen's Savings Bank and Trust Company, 30 years passed before leaders in Nashville's African-American community inaugurated the One-Cent Savings Bank and Trust Company. The bank opened on January 16, 1904, in the James C. Napier Court Building at 411 North Cherry Street (Fourth Avenue, North). The oldest continuously operated African-American financial institution in America, the One-Cent Savings Bank changed its operating name to Citizens Savings Bank and Trust Company in 1920.

In 1909, four and one-half years after the founding of the One-Cent Savings Bank, African Americans established the People's Savings Bank and Trust Company, Nashville's second post-Reconstruction financial institution. Among others, the founders included Dr. Robert Fulton Boyd, Andrew N. Johnson, Dr. J. B.

(continued)

J. B. SINGLETON, Pres. W. T. HIGHTOWER, 1st Vice Pres. D. A. HART, 2d Vice Pres. C. V. ROMAN, 3d Vice Pres. A. M. TOWNSEND, Cashier W. D. HAWKINS, Ass't Cashier

The Peoples Savings Bank and Trust Co.

We Pay 4 Per Cent on Time Deposits.
We Administer on Estates, Act as Guardians and Trustee.

410 Cedar St.

Authorized Capital \$50,000

Tel. M. 2554

Bank Closes 3 P. M. Patronage Solicited

Advertisement from 1913 Nashville City Directory

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Singleton, Dr. Arthur M. Townsend, attorney Solomon P. Harris, who was later elected to the Nashville City Council in 1911, and businessman Dock A. Hart. Several of the bank's directors had been affiliated with the One-Cent Savings Bank and Trust Company. Desiring to promote more economic growth among African Americans, the organizers of the People's Bank adhered to the fundamental principle that African-American business ventures should be more responsive to the needs of the common people. The bank's founders stated that their objective was to embolden the city's African-American populace "in purchasing homes and embarking in business." They proposed a capitalization of \$50,000.

From all indications, the founders of the One-Cent Savings Bank gladly received the competition from the city's second African-American bank to open during the twentieth century's first decade. As reported in the *Nashville Globe*, Richard H. Boyd commented, "This is the way it should be." Founded in 1906 by Boyd, who also served as president of the One-Cent Savings Bank, the *Globe* reported on the bank's opening day activities and called the founding of a financial institution by "younger Negroes a healthy sign."

The founders of the People's Savings Bank and Trust Company stressed to depositors and stockholders the importance of gaining the trust and bettering the living conditions among members of the African-American community. Also, for the benefit of their prospective customers, they painstakingly expounded upon the bank's goals and objectives.

The newly established financial institution met with slow growth of paid-in capital and deposits. Two years after its establishment, the bank had only \$21,200 in

assets. However, by 1917 its coffers had increased by almost \$50,000. As new job opportunities and war-time wages elevated the economic well-being of the African-American community, the bank's deposits and savings accounts more than doubled between 1917 and 1918. After the First World War, People's directors issued new capital stock.

People's Bank endeavored to carry out the covenant of its name and made numerous small, short-term loans, leaving itself open to risk and possible failure. As early as 1924, loan defaults caused concern, but bank officials barely modified their policies. In 1928, the bank made a series of loans to the Sunday School Publishing Board that was later judged insolvent at the time of the loans. Because the bank's functionaries pursued liberal loan policies, bought numerous bonds and second mortgages from fraternal and religious institutions, and made multitudinous loans to working-class people, it became vulnerable to the grim devastation of the Great Depression. The People's Savings Bank and Trust Company ceased operations on November 21, 1930. Ultimately, most of the approximately 4,000 active account holders received a 35% dividend.

Of all the African-American financial institutions capitalized in Tennessee during the first decade of the twentieth century, only the Citizens Savings Bank and Trust Company was able to surmount the impediments of marginal patronage, circumscribed liquid assets, skepticism among members of its community, and Eurocentric racism--all perils associated with sustaining commercial ventures in the African-American community.

-Linda T. Wynn
