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**THE STORY
OF
LLOYDS BANK**

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THE BUSINESS ARCHIVES COUNCIL

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THE STORY OF LLOYDS BANK

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A mural in our branch at Victoria Avenue, Southend-on-Sea, of a medieval banking scene painted by Alan Sorrell.



IT is sometimes claimed that the earliest bankers in Great Britain were the medieval Italian moneylenders who accompanied the European merchants to England. These Lombards, who during the 13th and 14th centuries settled in the street which still bears their name, did indeed finance much of the foreign trade of that time. But they were moneylenders rather than bankers; they did not accept deposits from the public.

The antecedents of modern British banking were the London goldsmiths. In the Tudor and Stuart periods the practice grew up for merchants to leave their valuables and surplus gold coin with their goldsmiths for safe-keeping. Receipts would be issued for these lodgments and by the middle of the 17th century merchants had discovered that when it became necessary to pay money over to other people it

A modern scene in the Dealers' Room at our Overseas Department where millions of pounds worth of foreign exchange are bought and sold daily.

was often possible merely to transfer the goldsmiths' receipts. This proved to be a great economy in time and effort, as well as being a much safer operation than having the gold withdrawn from the vaults, transferred to somebody else, and again lodged with the same or another goldsmith. Goldsmiths' receipts were the forerunners of what we now call bank notes.

In the second half of the 17th century the practice of transferring goldsmiths' receipts became a normal way of making payments. It soon became realised that the gold itself lay unused for a long time in the vaults of the goldsmiths. Cash withdrawals each day were but a small fraction of total holdings, and were usually equalled by new deposits. The goldsmiths found they could profitably lend out a large proportion of this money at interest to credit-worthy merchants and they thus became the first "bankers". What is more, the borrowing customers would not usually want gold: they would just as readily take their loans in the form of gold receipts or bank notes. Thus it

came about that the total amount of bank notes issued by the banks far exceeded the stock of gold. The banks had "created" credit money.

With the rapid and widespread expansion of industry and commerce in the 18th century many of the merchants themselves found it profitable to act in a banking capacity, accepting deposits from their lesser brethren and lending out where needed. The fame and standing of these merchant bankers, both in London and in the provinces, together with their intimate knowledge of the businesses of the smaller merchants in their localities, often made it possible for them to facilitate local trade by backing bills of exchange.

The larger of these merchant houses soon supplanted the goldsmiths in their function as bankers. Among them was a partnership formed in 1765 in Birmingham between Sampson Lloyd and John Taylor. It was from this partnership that the great modern business of Lloyds Bank has sprung. Although the connections of some of the firms subsequently acquired by this Bank can



Sampson Lloyd (II), one of the founding partners of the Bank.

be traced back to the 17th century, the real parents of the business were Taylors and Lloyds.

FOUNDATION OF LLOYDS

The four original partners were Sampson Lloyd (II) an ironfounder, John Taylor a button and metal box manufacturer, and their respective sons Sampson Lloyd (III) and John Taylor junior. Each partner provided one quarter of the original banking capital of £6,000. In the hundred years of the existence of this firm no deed of partnership was ever drawn up, a private ledger in which the entries were made being signed annually by each partner instead.

John Taylor's name took precedence in the title of the firm, presumably by reason of his greater wealth and influence in Birmingham, but it was Sampson Lloyd (II) who was the inspirer of the bank and it was he who was mainly responsible for founding the business.

The father of Sampson Lloyd (II) had moved to Birmingham from Wales

at the end of the 17th century. His migration was a direct result of the religious intolerance of the times. Charles Lloyd of Dolobran, grandfather of the founder of the bank, whose forbears had been kings in the Principality, had embraced the faith of George Fox the Quaker, and with many of his friends had been thrown into gaol for refusing to take the Oath of Allegiance and Supremacy to his new Majesty, King Charles II. In 1664, whilst Charles Lloyd was imprisoned in Dolobran near Welshpool, his second son Sampson (I) was born. Charles was released in 1672 by the Act of Indulgence but he and his friends continued to be persecuted as Quakers.

On the death of his father in 1698, Sampson Lloyd (I) therefore left Wales and started up in business in Birmingham as an iron merchant. Not being a corporate borough, Birmingham was outside the operation of "the Five Mile Act" and consequently it was permissible for non-conformists to enjoy the open observation of their special forms of worship.

Sampson Lloyd (I) made a substantial career for himself in Birmingham as an ironfounder. When he died in 1724 he had become a man of very considerable property. The business was carried on by his son Sampson Lloyd (II) and for forty years it prospered with the tremendous growth of the iron trade. But the trade was entering a recession at the end of the Seven Years War, and it was largely to provide alternative employment for his family that Sampson Lloyd (II) conceived the plan of founding a bank. The accounts of Taylors and Lloyds, bankers at Dale End, Birmingham, were opened on 3rd June, 1765. The site of the original premises is marked by a commemorative plaque.

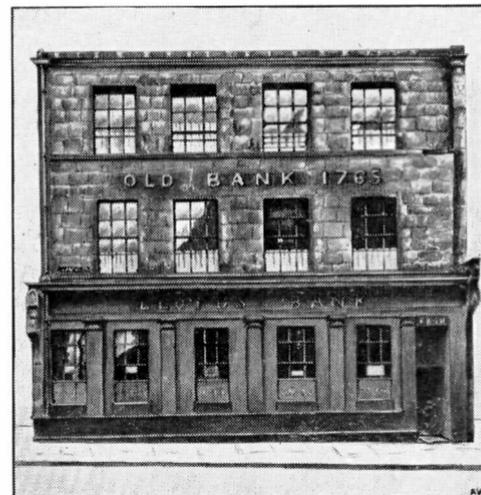
BANK EXPANSION

The firm flourished, reflecting not only the acumen of the partners but also the growing wealth and prosperity of Birmingham and its surroundings. It was not long before the firm turned its eyes Londonwards. In 1771 Sampson Lloyd (III), one of the two junior

partners, joined forces with his brother-in-law Osgood Hanbury in opening a bank in Lombard Street under the style of Hanbury, Taylor, Lloyd and Bowman. The original premises were those that are now numbered 14, but eight years later the firm moved across the street to No. 60 Lombard Street. This was next door to Messrs. Bland and Barnett, who exhibited over their door the sign of The Black Horse which they had brought with them when they moved from No. 53 some years earlier.

Sampson Lloyd (III) died in 1807 and thereafter the connection of the Birmingham firm of Taylors and Lloyds with the Lombard Street business was severed. The separation was to prove to be only temporary, however. In 1864 the business of Hanbury, Taylor, Lloyd and Bowman amalgamated with its neighbour to form Barnetts, Hoares, Hanbury and Lloyd and, as we shall presently see, the connection between this firm and Taylors and Lloyds came to be restored twenty years later.

Meanwhile, the Birmingham banking business under the wise guidance of



The premises in the High Street, Birmingham, which became the Head Office of the Bank from 1815 to 1871, had formerly been the residence of John Taylor, one of the original partners.

successive members of the Lloyd family had gone from strength to strength, and although rival banks, encouraged by the success of Taylors and Lloyds, had sprung up in the town, there were times, it was said, when half of



The plaque affixed to the premises in Dale End, Birmingham; and below, an early bank note for seven shillings.

Birmingham was indebted to the firm. In accordance with the general practice of the country banks, Taylors and Lloyds issued their own notes, and one curious denomination was that of seven shillings, an issue designed to cope with the small-change shortage. Three of these notes had to be surrendered, if gold was required, against one guinea piece.

In the very year of the Lombard Street amalgamation, Taylors and Lloyds opened their first branch office in Oldbury. In the following year a major landmark was reached.

The crises and failures of the banking world in the early part of the 19th century, the growing popularity of the new joint-stock banks, and the passing of the Limited Liability Act of 1862, determined the partners of Lloyds and Company in 1865 (the Taylor family had by this time dropped out and the title of the firm had been accordingly altered) to convert their business into a joint-stock company. Thus, a hundred years after its formation, the old private bank of Taylors and Lloyds

became Lloyds Banking Company Limited with a paid-up capital of £143,415. The first Chairman was Timothy Kenrick and one of the directors was Joseph Chamberlain, who was then twenty-nine years of age.

The business of the new company included that of an old rival of Lloyds—Coale's Bank—which at the time was represented by the firm of John Moilliet and Sons. The reputation of both firms stood so high that, although Birmingham had been recently shocked by the failure of Attwood and Company, the shares were eagerly sought and almost immediately stood at a premium of £3. The first annual report appeared on the 31st December, 1865, and showed that the profits on eight months' working in Birmingham and Oldbury and five in Wednesbury (where P. and H. Williams had been taken over) were £18,323, out of which a dividend of 10 per cent was paid.

Expansion was fairly rapid and in the succeeding twenty years a network of branches was established in and around Birmingham, several the result

of absorptions of other banks. It was during this period, moreover, that the framework of the present administrative structure was built up: the position of General Manager, and the Inspection, Secretary's and Advance Departments—among the main Head Office Departments to this day—were all established at that time.

At the end of this period Lloyds Banking Company Limited of Birmingham acquired the status of a London bank, for in 1884 the amalgamation took place with Barnetts, Hoares, Hanbury and Lloyd of 62 Lombard Street, thus bringing back into the fold the business which nearly a hundred years earlier a Lloyd had helped to found—that of Hanbury, Taylor, Lloyd and Bowman. At the same time another old banking firm of Lombard Street—Messrs. Bosanquet, Salt and Company of No. 73, was absorbed, and premises were opened at Nos. 71 and 72 to house the London office of the united businesses under the title of Lloyds, Barnetts and Bosanquets Bank Ltd. Five years later, on the amalgamation with the

Birmingham Joint Stock Bank, this rather unwieldy title was shortened to the present one of Lloyds Bank Limited. One great advantage immediately deriving from this invasion of the metropolis was that as well as dispensing with the need for London agents, the Bank obtained a seat in the Bankers' Clearing House and could take full advantage of having principal offices both in London and the provinces.

THE BLACK HORSE

It was through the amalgamation with Barnetts, Hoares, Hanbury and Lloyd that Lloyds Bank acquired its well-known sign of The Black Horse, seen throughout England and Wales. There is evidence that the sign was in use three hundred years ago and it is interesting to trace its early history

In 1677 at the sign of "The Feathers" in Pope's Head Alley, Samuel Lee issued his *Collections of Names of Merchants living in and about the City of London*—the original title of what is now called the first London Directory. Among those whom he designated in

the quaint phraseology of the times as "Keepers of Running Cashes", appears the name of one, Humph. Stocks, as occupying premises for that purpose at the sign of "The Black Horse in Lombard Street". This Humphrey Stocks, or Stokes as Pepys has it, must have carried on a business in the same thoroughfare prior to the Great Fire, for the diarist records having watched people removing into "Lumbard Street" from "Canning Street", during the burning of the City, and his "little goldsmith Stokes receiving some friend's goods, whose house itself was burned the day after".

Stocks, who did a considerable business with Pepys in the matter of discounting tallies and looking after his private savings, seems to have been in business as a goldsmith in still earlier days in Paternoster Row. He may even then have been under the sign of The Black Horse, and subsequently brought it with him to the shop he afterwards occupied in Lombard Street, for although signs first appertained only to their respective sites, it had become a



growing practice among traders who removed elsewhere to carry their pictorial addresses with them in order to establish a continuity of connection in the minds of their customers.

In any case, we owe to Mr. Lee our earliest knowledge of the sign we have adopted today, for The Black Horse, after adorning Stocks' old shop (now No. 53) for many years, passed to No. 62 as the sign of Messrs. Bland and Barnett and eventually came to rest at our Head Office, No. 71, there superseding the many signs that had at one time graced our site.

From 1865 to the present day the progress of the Bank, under the shrewd guidance of successive chairmen, directors, and general managers, has been one of steady expansion. Through the connections of Barnetts, Hoares, Hanbury and Lloyd, the Bank came into contact with many other country banks which were customers of Barnett, Hoare and which Lloyds Bank was

later able to absorb. Through the Bosanquet, Salt business, which had relations overseas with bankers and merchants, Lloyds Bank established its important overseas connections which exist today. The heart of the Bank, however, remained in Birmingham; London was regarded as no more than a special branch. In fact it was not until 1912 that the Head Office was completely established in Lombard Street.

AMALGAMATIONS

The years from 1884 until the outbreak of the First World War were marked by many absorptions and amalgamations with other private and joint-stock banks. The reasons which caused some of the smaller undertakings to seek the shelter of a larger organisation were various—sometimes financial weakness, sometimes the realisation that the days of the small institution were numbered.

Like the consolidation of a generation earlier, this process, which resulted in heavy concentration of business in certain areas, was accompanied by the

selective opening of branches to fill gaps in the now greatly extended network. The final amalgamation of any size was that with the Capital and Counties Bank in 1918, which added almost 250 branches to the then total of over 500.

By then the period of absorption was nearly over. Two more deserve mention. In 1921 an era in the monetary history of England and Wales was brought to an end with the absorption of Fox, Fowler & Co., of Wellington, Somerset—the last private bank in England to issue its own notes. Two years later the Bank acquired the historic firm of Cox & Co., pre-eminently bankers and agents to the Army and Royal Air Force, and the business of Henry S. King & Co., East India Agents.

From its modest beginnings in Birmingham in 1765, Lloyds Bank has grown to be the present well-known institution having its Head Office in London at 71 Lombard Street. In 1865, when the Bank became a public company, it had thirteen offices and a staff of fifty. By 1970 a countrywide network

Lloyds Bank Limited, Woking, showing branch terminal which "talks" with the distant computer.

of branches employed a staff of over 32,000 people. The paid-up capital of the company had increased in a hundred and five years from £143,415 to £64,883,008 and shareholders from 865 to 80,940. Total Shareholders' Funds of Lloyds Bank Group amount to £265,514,175. Customers' deposits now total £2,490 millions.

Throughout the twentieth century Lloyds Bank has been active in opening new branches, introducing new services and adopting new and more efficient methods of performing them. Over 2,300 branch banking offices have a total of over 2½ million current accounts.

The Bank has also been progressively adopting mechanisation, automation, and computer techniques in its cheque-clearing and accounting systems. Two Computer Centres are in operation. In 1965 Lloyds Bank introduced the first computer-controlled tele-processing system in British banking. In this system a centralised computer does the book-keeping for outlying branches. The necessary information is transmitted as electrical impulses along land

lines from the branch to the computer. In 1968 Lloyds Bank introduced the first "on-line" computer system in British Banking that gives complete input, output and enquiry facilities to branches.

NEW SERVICES

Providing the basic banking services of looking after customers' money, operating the cheque payment system, and making loans is still the most substantial part of the activities of any British bank; but to these have now been added many ancillary services.

A customer can purchase or have repaid through the Bank any of the National Savings investments and can use the Bank's services for conducting his stock and share transactions. For larger investors there is the Investment Management Service. Customers going abroad can obtain Travellers Cheques and foreign notes and coins from any branch.

Among other services completely unheard of until the twentieth century are Cheque Cards, executorship and trusteeship, management of pension funds, and a fully computerised company registra-

tion service. Lloyds Bank operates its own Unit Trusts, units of which can be bought and sold over any branch counter. The Overseas Department of the Bank, with its main office in London and branches in provincial centres, handles the enormous volume of foreign business that is put through the Bank. A comprehensive international banking service includes every facility for the finance of overseas trade, for the transfer of payments to and from countries overseas, and for dealing in foreign exchange. A most important function of the Overseas Department is to help exporters in the development of overseas markets for their products, and to provide the necessary finance.

Banking today is the result of long evolution. What was called "banking" three or four hundred years ago has little in common with what the term implies today. Nowhere is this better illustrated than in the history of Lloyds Bank.

*Lloyds Bank Limited
City Computer Centre.*



THE COAT OF ARMS OF LLOYDS BANK LIMITED

THE COAT OF ARMS The Shield derives from the Arms of the Lloyd Family to which have been added five bezants – formal representation of ancient gold coins – to indicate the nature of the Bank's business.

The Bank's Black Horse forms one of the Supporters and a Goat from the Lloyd Family Arms the other. The Black Horse was the sign under which Humphrey Stokes, a goldsmith, traded in Lombard Street in the latter half of the seventeenth century.

The Sword and Mural Crown in the Crest refer to the Bank's connection with the City of London. The Griffin is the traditional guardian of treasure; the Unicorn is one of the old Lombard Street signs which hung in the seventeenth century on the site of the Bank's present Head Office.

ESTO VIGILANS (Be Watchful) is the Motto of the Lloyd Family.

THE BADGE consists of a black horse imposed on a gold roundel; this is used in circumstances when the Full Achievement is not required.

THE BLAZON The hand-written Patent which records in full detail the Grant of Arms to the Bank is illustrated in heraldic colours and describes the Arms as follows:

"Azure five Bezants in chevron between two Chevronels and three Cocks Argent wattled crested and armed Or And for the Crest on a Wreath of the Colours A Griffin Or and a Unicorn Gules armed and unguled crined and tufted Argent respectant and supporting between them a Sword erect also Gules the blade

enfiled by a Mural Crown Gold as the same are in the margin hereof more plainly depicted. And by the Authority aforesaid We do further grant and assign the following Device or Badge, that is to say:– A Bezant charged with a Horse forcene to the sinister regardant Sable knotted about the girths with a Riband the ends flowing to the dexter Argent as here depicted to be borne and used upon Standards or otherwise. And by the Authority aforesaid I the said Garter do by these Presents further grant and assign unto Lloyds Bank Limited the Supporters following that is to say:– On the dexter side a Horse regardant Sable knotted about the girths with a Riband the ends flowing to the dexter Argent and on the sinister side a Goat regardant Argent armed unguled and gorged with an Eastern Crown Or."





LLOYDS BANK LIMITED

71 Lombard Street, London E.C.3

The Bank provides a complete service through Regional Offices and over 2,300 branches in England and Wales (including 38 branches of the Executor & Trustee Department and 7 Overseas branches). LLOYDS BANK EUROPE LIMITED operates in France, Holland, Monaco and Switzerland, and has a subsidiary in Belgium. THE NATIONAL BANK OF NEW ZEALAND LIMITED with a Head Office and one other branch in London, has 200 branches in New Zealand. LEWIS'S BANK LIMITED has 10 branches in departmental stores in the United Kingdom.

ASSOCIATED BANKS

NATIONAL AND COMMERCIAL BANKING GROUP LIMITED
BANK OF LONDON AND SOUTH AMERICA LIMITED
NATIONAL AND GRINDLAYS BANK LIMITED

Lloyds Bank, with agents and correspondents throughout the world, is exceptionally well placed to deal with overseas banking business of every description.