Savings banks in Ireland, 1817-1914

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Abstract

Ireland, despite its perception as an impoverished area of Europe in the nineteenth century, had a long tradition of savings banks and thrift. This paper is a study of structural, institutional and functional developments in Irish savings banks, Trustee Savings Banks (TSBs) and the Post Office Savings Bank (POSB), during the nineteenth century. The paper focuses on the changing structure of the Irish savings bank sector where privately run incumbents, TSBs, were superseded by a publicly administered entrant, the POSB. The paper argues that Irish TSBs were affected by moral hazard which resulted in fraud in the 1840s, in turn this led to a loss in confidence. It argues that this loss of confidence in Irish TSBs precipitated a shift to the POSB. Savings held in the POSB consistently grew from its introduction in 1862, even in the recessionary period known as the Land War (1877-1882). The paper argues that the concept and implementation of thrift was not criticised by its propagators and practitioners. It finds that savings banks were loss making, suggesting that Irish savings banks were subsidised, and that the savings banks were one-dimensional institutions that did not engage in private sector lending, arguably crowding out private investment.
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1. Introduction

Thrift is a value commonly associated with the UK (Britain and Ireland, 1800-1920) in the nineteenth century (e.g. Clark, 2008). The raison d'être of the British savings bank movement, and the thrift movement espoused by Samuel Smiles (1875), was to encourage working class and low income members of society to save more of their income in order to be self-reliant in old age and times of distress, and thus to place less of a burden on society and the Poor Law. Central to the pursuit and encouragement of thrift in the UK during the nineteenth and early twentieth centuries were savings banks: Trustee Savings Banks (TSBs), Post Office Savings Bank (POSB) and Penny Savings Banks (Gosden, 1973). This paper will focus on structural, institutional and functional developments in both TSBs and the POSB in Ireland in the period between 1800 and 1914. It illustrates that private incumbent savings banks, TSBs, were displaced by a publicly administered savings bank, the POSB. Furthermore, the paper argues that this shift was caused by a collapse in confidence in TSBs in Ireland caused by frauds uncovered in the 1840s.

The paper begins by introducing the concept that TSBs and Loan Fund Societies (LFSs), contemporaneous institutions that offered savings and loans services (effectively trustee credit and savings banks), were related. LFSs are used for comparative purposes to highlight the common institutional inadequacies of both savings institutions. TSBs and LFSs experienced similar difficulties in the 1840s and 1850s: agency problems relating to the monitoring of staff. There was also an element of moral hazard as the state was involved in both institutions and distorted management incentives to monitor staff. From the 1850s onwards both institutions
were uncompetitive and stagnant in the savings market due to the reputational damage caused by these agency problems and the emergence of competition for savings from Joint Stock Banks (JSBs) and the POSB. ‘Gladstone’s’ POSB was established in 1861, and introduced to Ireland in 1862 superseded the TSB approximately 20 years after its introduction. Although both institutions performed the same functions, savings services, the public had greater confidence in the POSB.

The final section of the paper addresses inherent limitations in savings banks in Ireland and Britain. The thrift philosophy does not seem to have been self-criticised, even by the historians of the movement. Many TSBs were loss-making enterprises, and so was the POSB. It seems that self-help did not necessarily mean self-sustainability. Furthermore, savings banks were one dimensional institutions that did not lend to the private sector. Savings banks held a significant amount of savings but were limited financial institutions that only provided savings services to the public, and did not offer any reciprocal lending services to individuals. Instead, they bought government bonds and securities with deposits received. In particular, the POSB was not an insignificant agent in the market for government bonds, Consols, and by 1914 the POSB held approximately 18 percent of the UK national debt (Thom’s, 1916 and B.P.P, 1914-16).

Savings banks were not an Irish phenomenon; initial savings banks were a Scottish institutional import (Ó Gráda, 2003) and the POSB was established by the UK parliament (McLaughlin, 2009). The main focus in the extant British historiography has been on surveys of developments within the savings bank movement, either taken from the perspective of the old savings banks (Horne, 1947),
referred to as TSBs from 1863 onwards,\(^1\) from the vantage point of the state savings bank (Perry, 1992, pp54-84), or surveys on the contribution of savings banks to the self-help movement (Gosden, 1973, pp 207-258). The subject of savings banks has been overlooked in Irish historiography, apart from Eason (1929) and recent studies by Ó Gráda (2003, 2008, & 2009) have begun to redress this balance. In the case of Ireland, although some reference has been made to the POSB (e.g. Buckley, 1987), the attention of economic historians has been directed elsewhere rather than on the introduction of these institutions. Savings banks, both private and public, were an integral part of the Irish financial system and play a key role in explaining the development of commercial JSBs, the failure to adopt German Raiffeisen cooperative banks, state financed land purchase, and emigrant remittances (McLaughlin, 2009). Thus, this research engages with Ó Gráda’s work (2003, 2008 & 2009) while exploring the issue of savings banks in Ireland from a broader perspective.\(^2\)

This paper proceeds as follows. Section 2 discusses the history of TSBs in Ireland in the first half of the nineteenth century. Section 3 analyses the introduction of the POSB in the 1860s. Section 4 assesses some of the limitations of the savings bank system in nineteenth century Ireland and section 5 concludes.

2. Savings banks in Ireland, 1800-1850

TSBs were introduced in Ireland in the 1810s in an attempt to encourage the industrious classes to practice thrift by saving. Despite a promising start in Ireland, savings banks experienced a severe downturn in the 1840s from which they never

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\(^1\) It is anachronistic to refer to savings banks pre-1863 as Trustee Savings Banks, but I have made an anachronistic violation in order to mark the distinction between the Post Office Savings Bank and the pre-existing savings banks: (26 & 27 Vict. c. lxxxvii).

\(^2\) For discussion on who savers were and savings indicators see (McLaughlin, 2009).
fully recovered. The events of the 1840s will be outlined to illustrate how this affected the path of development of savings banks in Ireland. For comparative purposes, the history and performance of TSBs will be compared with LFSs. The motivation for this comparison is the fact that LFSs were complementary institutions that offered savings services and experienced similar difficulties as TSBs in the 1840s.

2.1 Trustee Savings Banks and Loan Fund Societies: institutional attributes

According to Gosden (1973, p. 209) the belief of those advocating savings services was that ‘the classes whose savings the banks were to hold could afford to save in normal times against periods of hardship or difficulty later on.’ The first successful savings bank adhering to this belief was established in Ruthwell, Scotland, by Henry Duncan in 1810 (Pratt, 1830, p. xiii). This savings bank was managed gratuitously, on a not-for-profit basis, by Duncan. The system was very strict as depositors were screened before they could begin to save and were also fined if they did not deposit at least 4 shillings a year (Eason, 1929, pp 2-3). A less stringent alternative savings bank model was devised shortly afterwards in Edinburgh, in 1814, which paid a uniform rate of interest on all deposits and did not fine depositors (Gosden, 1973, p. 212). The Edinburgh model was very popular and within three years there were similar savings banks established throughout the United Kingdom; 70 in England, 4 in Wales and 4 in Ireland (Pratt, 1830, p.xiv). It was not long after this that TSBs came to the attention of the British legislature and the law ‘recognised and regulated them’(B.P.P., 1893-94, p.3). The preamble to the 1817 savings bank act in Ireland stated that savings banks were to be established for ‘the safe custody and increase of small savings belonging to the industrious classes’ and to protect and
encourage the formation of such institutions (57 Geo. 3, c. cv). There were 6 Irish savings banks registered in 1818 under the first savings bank act (B.P.P, 1818).

TSBs emerged contemporaneously with LFSs and both were financial institutions ostensibly targeted towards the ‘industrious poor’. The recent literature on microfinance in Ireland has over-represented microcredit at the expense of microsavings (Hollis & Sweetman, 1998a, 1998b, 2001, 2004, 2007), but the evidence shows that savings banks, in terms of savings, were larger financial institutions than LFSs (McLaughlin, 2009). In addition, this literature has overlooked the close relationship between the two institutions. There were LFSs that advertised themselves as being ‘Savings Banks’ such as the ‘Mountshannon Loan Fund and Savings Bank’ Co. Clare (LFB, 1843), this connection is also evident in map 1. In a return of the location of savings banks in 1852 it was disclosed that 9.62 per cent of the TSBs explicitly shared an office with a LFS. In addition, many TSBs were located in municipal offices, these were local court offices or town halls, and 13.46 per cent of TSBs were run from landlord rent offices (B.P.P., 1852); locations also associated with LFSs.

There was also a belief in the early nineteenth century that the LFSs and TSBs should be merged. R. R. Madden, the secretary of the government appointed regulator of LFSs the Loan Fund Board (LFB), raised the idea of uniting the LFSs and the TSBs into an umbrella organisation that would be supervised and inspected by the LFB (BPP, 1854-55, question 409, p. 22). However, TSBs did not create their own external monitoring system, the Trustee Inspection Committee, until 1887 (Eason, 1929). Another writer, P. J. Ryan, proposed a unification of LFSs and TSBs and that they be run by the Post Office (Ryan, 1838, pp 67-68).
Neither TSBs nor LFSs were affiliated to any central body and they operated as individual units rather than branches but both were regulated and ostensibly supervised by government agencies. Initially, TSBs experienced sluggish growth; by 1844 there were 74 individual TSBs in operation in Ireland (Pratt, 1846). The number of LFSs, in contrast, grew rapidly: there were 298 in 1843, falling to 259 in 1844, individual LFSs registered with the LFB (B.P.P., 1844 & 1845). This may be a reflection of the difficulty in establishing a savings institution, as savers have to trust the institution. In terms of LFSs, although they ostensibly offered savings services, they emphasised lending where the information problem the institution faces is the difficulty discerning trustworthy borrowers. LFSs did not compete effectively in savings markets as depositors were aware of their risky nature of their business.

Ostensibly TSBs and LFSs had the same *raison d’être* but they differed in their *modus operandi*; LFSs aimed to improve the well-being of the industrious poor by promoting microcredit and microsavings. Both offered savings services, and wished to encourage thrift amongst the ‘industrious classes’ and both paid interest on deposits they received. The maximum interest paid by TSBs and LFSs was determined by legislation. The TSBs were paid a fixed rate by the Commissioners for the Reduction of the National Debt (CRND) and in turn transferred a lower rate to depositors. The differential between the rates received and paid was to pay for the expenses of management, see table 1 for rates. The sums deposited with the CRND were used to purchase government-backed securities and they were ‘prohibited from lending to any other persons than the Commissioners for the Reduction of the National Debt’ (Hancock, 1856, p.5). This gave TSBs the appearance of having state security and a *de facto* state guarantee.
The fixed rates offered by the TSBs underwent periodic review by parliament. In the period 1817 to 1860, there were three changes in the interest rate payable by TSBs. The first act in 1817 set the rate payable by TSBs at 4.5 per cent, but it was gradually reduced to 3 per cent in 1844 and by the end of the nineteenth century the rate received by depositors was set at 2.5 per cent. In the same period rates paid on deposits by LFSs were also reduced by parliament from 6 per cent in 1836 to 5 per cent by the 1843 LFS act (see McLaughlin, 2009).

The government’s aim in offering subsidised interest rates was to encourage the lower classes to deposit their money, but the outcome was that the interest-rate-sensitive middle classes began using the TSBs. From 1828 there were restrictions on total deposits in the TSBs, see table 1, as a result of more affluent socio-economic groups taking advantage of the system. Subsequent legislation placed limits on the amounts that could be saved per person per year, and caps on the total deposits on which interest would be paid. There was also a restriction on a person having more than one account, not only in an individual TSB, but in all TSBs. Depositors were made aware of this by the printing of the rules in their depositor-books, an example of this can be seen in the Cashel and Drogheda savings banks (N.L.I, 1844, 1846).

The structure of TSBs appeared to give depositors the advantage of a state guarantee for their deposits. This, coupled with the security which the trustees, appointed by banks themselves (57 Geo. 3), themselves ostensibly provided, gave the TSBs an appearance of being a secure, and stable, financial institution. Not only were they perceived to be secure, but they also offered higher rates of interest for deposits than prevailing market rates. The nascent JSBs were not offering similar rates for deposits, and if they were, they were not coupled with state guarantees. Therefore, the TSBs had a number of advantages over private commercial competition: higher
interest rates, state security, and private subsidisation in the form of the involvement of trustees, who provided philanthropic management services (Ó Gráda 2003, p.4).

LFSs also had similar advantages as they offered high rates of interest in comparison to the savings banks; however, these rates were not subsidised by the taxpayer. They were also perceived as being reasonably secure in terms of trustee and government support (B.P.P., 1854-55, question 381, p.20). The LFSs were managed on a voluntary basis by notable local trustees and gave local depositors confidence in the institution; thus the LFSs availed of a private subsidy similar to that of the TSBs. However, in reality LFSs were not unlimited liability societies, as the actual liability of the trustees was limited by statute. Also, many depositors perceived that LFSs availed of some form of government security (B.P.P., 1854-55, question 306, p. 16). This conclusion came about because the forms and stationery that registered LFSs used was supplied by the LFB which had a correct, but misleading, Dublin Castle address, the heart of government administration in Ireland. Therefore, both the LFSs and the TSBs were seen to have similar benefits before the 1840s and the famine.

### 2.2 Exogenous and endogenous shocks, TSBs and LFSs 1840-1860

In the 1850s the market presence of both TSBs and LFSs was reduced in size and scope. What happened in the 1840s? There were two exogenous shocks in the 1840s, an interest rate shock and the Irish famine, and frauds caused by their institutional design. These separate shocks affected their structural developments in the latter years of the nineteenth century. The argument presented here is that the decline of TSBs and LFSs was primarily caused by flaws in their institutional design which created moral hazard.
The interest rate shock, alluded to by Charles Eason (1929, p.16) but not by Ó Gráda, was the reduction in maximum interest rate payable to depositors in both institutions in the early 1840s, discussed above. Eason suggested that this reduction in interest rate may have influenced interest-rate-sensitive depositors i.e. middle class depositors. Looking at yields of alternative investments for middle class depositors, government bonds or Consols, it can be seen that Consol yields were above the rate received by depositors, see figure 7. As this effected the margin of TSBs it may have placed financial strain on loss making TSBs: see table 2 and section 4. LFSs also experienced a reduction in interest rates and this may have made the rate on deposits in LFSs seem like an unattractive risk premium to depositors and investors, as the LFSs offered financial instruments to investors that were inherently riskier than those available from JSBs, TSBs and the direct purchase of Consols.

A second shock that affected both was the famine (1846-52) (Hollis and Sweetman, 2004; Ó Gráda, 2009). LFSs were severely affected by the famine, as LFS capital (deposits and philanthropic bequests) decreased by 34 per cent in 1847. In contrast, the effects of the famine on TSBs were not immediately realised, and it was even noted that many TSBs actually experienced increases in deposits in the initial years of the famine. An editorial in *The Times* (4 March, 1847) commented that:

Undoubtedly, the thought that would first cross the simple mind, at the mention of the savings banks, is that they would exhibit, in due proportion, the drain on the general resources. A famished people one expects to be poor. A population of eight millions, of whom three or four are on the charity list, and a large portion of the remainder are said to be actually dying, or dead, in ditches, cannot have much to lay by. They cannot pay rent. They boggle at rates. As for taxes, they have been excused that incumbrance. What can they possibly save? A savings bank in such a situation can be little else than a mockery of woe...the fact is the Irish savings-banks never were so prosperous...the only remark to be made now is that famine has not affected the savings of the people.
The savings bank figures cited in *The Times* were for the calendar year ended 1846. There was a slight decrease of 2.25 per cent in the amount of savings deposits in TSBs from 1845 to 1846. Savings continued to decrease in 1847, falling by 16 per cent, and in 1848 they dropped by 45 per cent. Savings held by JSBs had increased by 5.11 per cent between 1845 and 1846, but they experienced a decrease of 23 per cent between 1846 and 1847, greater than that experienced by savings banks. However, JSB savings increased by 8.90 per cent between 1847 and 1848 (Hancock, 1870; *Thom’s* 1860). The famine did affect the TSBs, but the observation made by *The Times* can be explained by the mistargeting of the TSBs, as it was not the industrious poor who were using their services. The high average savings balances relative to the UK in the TSBs, see figure 3, led Ó Gráda (2009) to believe that the Irish middle classes were using their services and he argued that the ‘socio-economic profile’ of these depositors meant that they were the people least likely to be adversely affected by the famine. The lower percentage decrease in TSB savings deposits may be accounted for by the location of the institutions, with a number of institutions located in urban areas. The TSBs were commonly associated as being the savings bank of the industrious (urban) poor.

The savings deposits and number of depositors in the TSBs dropped dramatically in 1848, see figure 2. This drop was caused by flaws in the institutional design of TSBs that resulted in a series of high-profile bank failures that were unrelated to the famine. The most notable failure, the Cuffe Street savings bank, was caused by fraud and this was first detected in the late 1820s, but the legal advice, of Tidd Pratt register of Friendly Societies, recommended that the savings bank continue (Hancock, 1856b, pp33-34). The failure of St. Peter’s Parish Savings Bank in Cuffe Street Dublin, was contemporaneous, but unrelated, to two failures in Kerry: the
Tralee and Killarney savings bank. Confidence in TSBs seems to have deteriorated as a result. Ó Gráda has suggested that the TSB system was affected by contagion caused by fears that other TSBs would be equally prone to collapse and insolvency (Ó Gráda, 2009), and this in turn led to mass withdrawals (B.P.P, 1847-48, 1849). The frauds in the Irish TSB system were also significant in Britain (McLaughlin, 2009). In the aftermath of the famine, the LFB believed that the money lost in LFSs during the famine had not been caused by the famine, but by the defalcation of clerks (B.P.P. 1854-55, paragraph 297-303, pp 15-16).

Did the number of LFSs ceasing to operate coincide with the 1848 crisis in the savings banks? Answering this question would give an indication if there were any contagion effects caused by the crises in the TSB system. Or, rather, did the frauds in one form of financial self-help lead to a loss of confidence in the alternative form of financial self-help? The largest decrease in LFS capital came in 1847, but the largest percentage decrease in the number of LFSs registered with the LFB came in 1848. This may be due to the fears of trustees in LFSs about the repercussions of the TSB scandal and the effect of legislation on the liability of trustees, but it may also be related to the winding up of LFSs supervised by a board in London (see McLaughlin, 2009, chapter 1). Hollis and Sweetman (2004, p. 1513) have shown that there is some evidence of depositors switching from TSBs to the security of a LFS in Co. Clare in 1848. Given that this evidence is from 1848, one can assume it had more to do with the 1848 run on the savings banks, than as evidence of LFSs performing well during the famine.

After the famine parliamentary enquires were held regarding the respective institutions. The savings bank committee found that the laws relating to TSBs, and thus their institutional design, were inadequate; the managers and trustees of the TSBs
were not responsible for their losses unless they gave a written statement stating that they would accept liability, and they were only responsible if it could be proven that there was wilful neglect on the part of the managers (7 & 8 Vict., c. 83, section vi). This reduced the liability of trustees and effectively created a moral hazard problem, as the trustees had no incentive to supervise the clerks as vigilantly as previously when there was an element of liability. The 1844 Act also created a legal black hole, as it stated that trustees and managers of savings banks were responsible for moneys they ‘actually received’, and the CRND would be ‘answerable’ for money they received. The question then arose in the case of the Irish frauds, and later the English and Welsh frauds: who was responsible if neither the Trustees nor the CRND received the money? The 1844 Act did not say who was responsible for the actions of the officers of a savings bank, and it was the officers who invariably committed the frauds. In most of the cases money was given to the treasurer of the bank out of office hours, and not duly recorded in the bank’s accounts (B.P.P, 1849). The frauds in 1848 led to a reform of the 1844 savings bank act in Ireland alone (11 & 12 Vict., c. 133), which stated that trustees who were ‘willing to be answerable for a specific amount only, being in no case less than 100 l., should not be liable to make good any deficiency which might thereafter arise in the funds of the Savings Bank beyond the amount specified in such writing, except in respect to moneys actually received by him, and not paid over.’ (B.P.P., 1852).

The same institutional inadequacies regarding trustees appeared in LFSs (B.P.P, 1854-55, paragraph 297-303, pp 15-16). There was no guarantee to depositors in the case of the loss of the deposits through fraud or malfeasance unless the trustee or trustees ‘declare[d] his or their willingness to be liable in person or property for the specific sums so guaranteed’ (6 & 7 Vict., c. 91). The frauds in both institutions show a
failure of the monitoring structures. The trustees of TSBs were expected to meet on a quarterly basis to audit the accounts of the bank, and they were also supposed to send an annual account to the CRND. Both these methods of monitoring failed. The most notable failure in terms of the monitoring by the CRND is the fact that they were aware of the shortfall in the Cuffe Street savings bank as early as the 1830s but decided not to wind-up the bank. Tidd Pratt, in evidence to the committee on Irish savings banks in 1849, stated that he visited the Cuffe Street savings bank in 1830 but advised them not to close (B.P.P, 1849, questions 1700-1705, p.124). A likely motivation for this was that the CRND were afraid that if they ordered the closure of the Cuffe Street savings bank this would start a wider run on TSBs (Hancock, 1856b, pp33-34).

Clerks in TSBs were chosen based on respectability of their social position and their guarantors but this staff screening process failed. The limitations of this system can be seen from the fact that the clerk in the Cuffe Street savings bank was a church minister. In England a clergyman was responsible for the defalcation of £24,000 in the Hertford savings bank (Horne, 1947, p.122), suggesting that just because someone was a church minister did not necessarily mean the person would be trustworthy.

There was also irregular, if any, monitoring by trustees. Frauds in LFSs had similar origins: trustees were supposed to meet regularly and inspect the books and monitor the LFS to ensure that there were no incidents of fraud. But there was no daily contact with the clerk and as such it was possible for fraud to take place. External audits took place, with inspectors employed by the LFB. But these inspectors were either incompetent or neglected their duty (B.P.P, 1854-55, paragraph 149, p. 9.). The evidence from TSBs and LFSs suggests that there was an element of moral hazard in each system because in both cases the government limited the liability of trustees and
ensured that they had no incentive to monitor activities on a full-time basis. The
government involvement in these institutions had also created a perception that it
would guarantee deposits thus trustees were given an incentive not to monitor the
activities of the staff.

3. The Post Office Savings Bank in Ireland

The creation of the POSB gave the government a distinct and tangible presence
in the market for savings deposits. With the establishment of the POSB, the UK
adopted a more complete etatist approach to savings banks, when at the same time
many other European countries continued their liberal approach to savings banks. The
perceived success of the POSB in the UK led many other countries to attempt to
establish their own state administered savings banks (McLaughlin, 2009). These
events and their consequences for other agents competing in similar market niches
have not been given a significant amount of historical attention. The POSB was a UK-
wide saving institution with centralised decision-making in London. From its
inception in 1861, until the establishment of the Irish Free State in 1922, the POSB
was the largest branch banking institution in the UK. The POSB was a response to a
crisis in English TSBs and thus when the POSB was introduced to Ireland it was an
exogenous innovation and its introduction in Ireland has been overlooked, for
example Ó Gráda (1994, pp 239-240) does not outline the reasons for the introduction
of the POSB.

3.2 The introduction of the Post Office Savings Bank

TSBs had been a dominant provider of savings services in the early nineteenth
century in Ireland. The market dominance of the TSBs as the avenue for people to
save was challenged by the creation of the POSB. The post office had been well
established across the British Isles and had provided a remittance service for small
sums (McLaughlin, 2009). *The Times* (28 August, 1861) believed that:

> …every poor man in the country will have a bank within a mile or two where he will be
> able to put his money, subject to certain regulations. The bank is brought to him, instead
> of his going miles to the Bank. He is thus a vast gainer in vicinity and convenience, and
> this makes him a gainer too, in another important respect. He need not wait weeks with
> his money in his drawer till there is an opportunity of going to the town where the
> Savings bank is, eight or ten miles off. As soon as two or three shillings have been
> accumulated he can immediately take a walk to his Bank and deposit them. One shilling
> even is accumulation enough. “Deposits of one shilling, or of any number of shillings, or
> of pounds and shillings, will be received from any depositor at the Post-Office Savings
> Banks.” (*The Times*, 28 August, 1861).

Goldsmith (1969, p.376) has suggested that the historical development of a
national financial structure is path-dependent. The implication of this view is that new
forms of financial institutions will find it difficult to establish based on the pre-
existence of a financial structure. In terms of Goldsmith’s hypothesis, the events of
the 1840s, when institutional inadequacies were uncovered in both Ireland and
Britain, were the shocks necessary to enable the POSB to be established and to alter
the path of development in the Irish financial structure. The crises of the 1840s and
50s led to the establishment of the POSB which became the largest branch banking
institution in the UK. If this path was not altered it would have seen the emergence of
a large JSB structure as they would have faced less competition from TSBs and LFSs
than they did from the POSB, but this exogenous shock altered the path of
development in the Irish financial structure.
Although not an Irish innovation, the POSB was seen as a welcome addition to the savings bank system in the respect that the Irish TSBs were in a fragile state. Evidence from Robert Decker, trustee and honorary secretary of the Meath Street Savings Bank in Dublin, to the 1858 Savings Bank Committee stated that the bank had experienced two runs in its history (B.P.P. 1857-58, questions 3491 and 3502, p. 232). One run came about in 1848 which lasted for 6 months; the reason that Decker gave for this was contagion caused by the failure of the Cuffe Street Savings Bank in Dublin. A second run came in 1853 which lasted for 3 months (B.P.P. 1857-58, questions 3504-3505, p. 232), but for this Decker said that ‘we are unable to give satisfactory reason for that run’ (B.P.P. 1857-58, questions 3503, p. 232). Decker’s evidence went on to say that the public had become aware of the incomplete government security in the TSBs, and the run coincided with the discussion of a savings bank bill in parliament which made it evident that the savings banks did not possess government security (B.P.P. 1857-58, questions 3508, p. 232). Decker also stated that prior to the Cuffe Street Savings Bank crash there was a common belief that the TSBs had government security (B.P.P. 1857-58, p. 232). The run was alleviated when the Meath Street bank published a letter it had received from the CRND. When Decker was asked if the bank had experienced any other runs he answered in the negative, but said the savings bank had been experiencing the ‘general’ trend in Ireland, that being the annual number of withdrawals exceeding the number of deposits (B.P.P. 1857-58, questions 3514-3515, p. 232). On the occasion of both runs in 1848 and 1853, the Meath Street Savings Bank did not uncover any errors in its bookkeeping practices that would suggest fraud (B.P.P. 1857-58, questions 3517-3518, p. 233), so the run in 1853, and the continued withdrawals thereafter, can be seen as resulting from a general loss of confidence in the savings
bank system in Ireland. The Cork Savings Bank also experienced a run in the aftermath of the 1848 frauds, and also in the 1850s as a result of fraud in the Tipperary JSB (B.P.P. 1857-58, questions 3730, p. 246). Ó Gráda’s (2009) analysis of the Thurles Savings Bank found that it was also affected by contagion. This is perhaps an important piece of information regarding the declining number of depositors in both TSBs and LFSs as people are being made aware of the shortfalls in perceived government security in these institutions.

This is the context in which the POSB was introduced in Ireland in 1862, with 300 branches opening throughout the country, and by 1864 the number of branches had risen to 510 (B.P.P. 1864). The number of POSB branches in 1862 was approximately 6 times the number of TSBs, and 3 times the number of LFSs, see table 3. JSBs combined had an equivalent number of branches, but taken individually, as in table 4, no individual JSB matches the scale of the POSB branch network in Ireland. Also, given that the majority of the JSBs were clustered together in major towns (see McLaughlin, 2009, chapter 3 and maps 3.1-3.6), unsurprising given that they were for-profit firms and were in competition with each other, the capacity of the JS banking sector to reach the poorer rural areas was limited. The POSB essentially filled a niche in the Irish banking system, with the 300 branches being distributed throughout the island. All 32 counties had access to a POSB in 1862, and this was not the case with the TSBs, see maps 2 & 3.

In the debate on the Post Office Savings Bank bill in 1861, the M. P. for Kerry (Stenon and Lee, 1976, pp 188-189), Henry Arthur Herbert, was very supportive of the bill, especially in view of the failures of savings banks in his constituency. He stated that:
The Right hon. Gentleman [Gladstone], therefore, had adopted a very wise course, as the old system apparently could not be mended, to give the people their choice between that and a new one. No doubt at the present time savings banks were very well managed, and the chance of failure was the exception and not the rule; but so long as loss was possible under the present system depositors ought to have a choice between it and a system under which loss would not be possible, and he hoped that the experiment would succeed. (Hansard 3, clxii, 8 April 1861)

The greater geographic distribution of the POSB, and its continued growth throughout the nineteenth century, meant that for savers the POSB had the capacity to reduce the transaction and opportunity costs of saving. This would have been done by decreasing the average distance that would-be savers would have to travel to make deposits. The increasing growth of the POSB would continually have decreased this distance, and the ratio of population to the POSB decreased over time.

A number of TSBs closed over time, and their savings were transferred to the POSB. One of the most high-profile of these closures in Ireland was in Gorey, Co. Wexford. The Trustees of the TSB decided to transfer money as soon as the POSB was established. This and other cases of trustees transferring funds to the POSB was noted by the Postmaster General who stated that ‘the trustees of which banks having in view the superior facilities and the complete security afforded by the Post Office Banks, have determined to close the Banks which they had hitherto maintained at some inconvenience to themselves, for the benefit of their poorer neighbours’ (B.P.P., 1862, p. 14).

3.2 The Post Office Savings Bank and ‘Land War’
The period 1877 to 1882 is synonymous with the Land War, a period of social strife in Ireland (Comerford, 2007). The social problems were caused by bad harvests in the years 1877 and 1878, coupled with falling grain prices resulting from the integration of international grain markets. An indicator of the severity of conditions comes from the number of people receiving poor relief, see figure 6, which grew by 50 per cent between 1877 and 1882. The subsequent economic deterioration led to numerous social agitations, most notably the creation of the Land League under the stewardship of Michael Davitt and Charles Stewart Parnell. Government response to this social agitation was land legislation in the 1880s which saw government acting as an arbitrator in landlord tenant contracts.

The impact of the Land War period the POSB has not been frequently referred to in Irish historiography. For example, Meehan (1970, p. 215) observed that ‘the Trustee Savings Banks originated in 1817. By 1836 their number had risen to thirty six; but owing to various causes, principally perhaps the institution of the Post Office Savings Bank in 1861, there was a subsequent decline, and by the 1920s there were eleven in operation, five in the Irish Free State and six in the Six Counties area.’ But Meehan did not explain why or when the TSBs were superseded by the POSB. The continued growth of the savings in the POSB in Ireland during the depression of the late 1870s was seen as ‘a subject of peculiar interest’ by the Postmaster General, Henry Fawcett (B.P.P. 1881, p.6).

From its introduction, the POSB experienced positive growth throughout the period 1862 to 1914, see figure 4, including a recessionary period in 1877-1882. During the Land War there were increases in POSB savings in all areas of Ireland, see

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3 The usage of the term “war” is hyperbolic as there was not traditional war per se, but it has become a convention to describe the conflict between landlords and tenants as a “land war.”
figure 5, including Connaught, the region most adversely affected by the economic depression. TSBs suffered their largest decrease in Connaught, and LFSs experienced declines in all four provinces. The major changes that took place in the Irish savings bank sector took place between the years 1877 and 1882, and by 1884 the POSB had overtaken the old TSBs as the largest savings bank and the second largest deposit holding institution on the island. The POSB was to maintain this dominant position within the Irish small savings market for the remainder of this period of study, see figure 8.

What happened in the late 1870s that saw the continued positive growth in the POSB, when other banking institutions experienced negative growth? Firstly, it must be noted that a fraud was uncovered in the Hillsborough Savings Bank in 1875 (B.P.P., 1888, p. 6). But it seems as though the effects of this fraud were isolated, and so it does not explain the growth of the POSB. During the depression period (1877-1882) there seems to be anecdotal evidence to support a claim that money was being transferred from the other institutions into the safety of the POSB. The Postmaster General Henry Fawcett, noting the growth in the savings held by the POSB, stated that ‘…these circumstances show a desire on the part of investors to obtain direct state security for their money, which appears to be further manifested by the increased amount deposited in the Post Office Savings Bank’(B.P.P.,1880, p. 48).

The implications of such transfers had both short- and long-term effects. In the short-term it resulted in decreased investment. Evidence of this was uncovered by Sean Lucey, who found that farmers in the Fries and Ballyhar region in Kerry, who usually invested in their farms, and hired labourers, transferred their money to the POSB instead. Similar instances led to an increase in unemployment and numbers seeking poor relief (Lucey, 2007, p.51). The political situation in Ireland at the time
seems to have influenced decision-making on the part of friendly societies as well. A letter from an officer in a friendly society was published in the thirty third report of the Postmaster General which stated that: “At the present state of political agitation in this country it is not safe to invest any monies in any funds or bank whatever, therefore the trustees have desired me to apply to the post office savings bank.” (B.P.P., 1887, p. 37). Another significant factor was the close association between the international money order service for the transfer of small sums undertaken by the post office, the UK-US service was established in 1871, and the POSB (McLaughlin, 2009, chapter 8).

In the long term, the growth of savings in the POSB during the depression of the late 1870s and 1880s established a pattern whereby people continued to use the POSB based on tradition, habit, and the fact that the POSB was tested and did not fail. This meant that the saving deposits in the POSB were set to benefit from the operation of the principle of path dependence. This is an important context for which any new entrant into the market for savings would need to be aware of, as it would be difficult to dislodge such an incumbent. Raiffeisen cooperatives banks, established in 1894, came only 10 years after the POSB had firmly established their dominance in the small savings market (McLaughlin, 2009, chapter 6; Guinnane, 1994).

4. Limitations of the Savings Banks: interest rates and institutional structure

In the early nineteenth century, most criticism of the savings bank movement came mainly from the viewpoint that the government should not be subsidising the thrift movement by offering overly generous interest rates. This continued to be a theme throughout the nineteenth century. The rate of interest which the government
paid to the TSBs was fixed, and that received by depositors was also fixed, whereas the price of Consols fluctuated daily. Another issue was the fact that savings banks did not lend to the private sector.

Classical economists were aware of the limitation of the savings bank. John Stuart Mill was sympathetic to the aims of the savings banks, but he had some philosophical objections to the use of the savings banks to purchase Consols and suggested that the government establish a national savings and loan bank (Mill, 1848, book v, ch vii, paragraph 3). Another critic of the savings banks, including the POSB, was William Samuel Jevons (1876, chapter xxii) who stated that the POSB ‘system as established by Mr. Gladstone is an admirable institution; it has been very successful, and has done great service in increasing providence. But it is troublesome and costly in working, and leaves no profit to the state’. Another article written by Jevons (1883) referred to the POSB, and was written in the context of a bill that intended to increase the annual limit from £30 to £100, and the total limit from £150 to £250. Jevons (1883), like Mill, acknowledged the fact that the savings banks had been intended to be ‘eleemosynary institutions’, but he was critical of the fact that the government was receiving demand deposits and investing them in long term securities, with the risk of substantial losses to the state.

Initially the government had offered very attractively subsidised interest rates, but these proved to be quite expensive to the exchequer and were subsequently reduced. An example of the expense of the subsidised interest rates can be seen from an article in the Bankers Magazine in 1847 that referred to the problems that the savings banks were causing for the government. The deposits were used to buy government securities; the problem was that people saved when times were good, when the price of securities was high, and had to withdraw when times were bad, or if
there was a run, so the CRND had to sell government securities when prices were low (Anon., 1847, p.165). Deposits in TSBs were short-term demand deposits; in the 1817 savings bank act it was stated that the trustees of any savings bank could ‘demand payment at any time’ (57 Geo. 3, c. cv, section xii.). On the other hand, the government securities, namely Consols, were long-term assets. This duration mismatch resulted in loss. Neilson Hancock, professor of political economy in Dublin University, alleged that the scheme had been making a loss for 40 years (Hancock, 1856b, p. 31). The CRND were supposed to use the money from deposits to purchase government securities, but Hancock and others accused the CRND of using the money to tide over budget deficits (Hancock, 1856b, p.31; BPP, 1857-58, p. ix-x).

The view that the TSB system was loss-making is supported by returns made by the CRND which show the amount of losses that the public was to absorb in the period 1817 to 1849, shown in table 2, suggesting that the government was subsidising the TSB system in the UK, and this may be a key factor in explaining the decline of the TSB system in Ireland, discussed above.

These issues were not confined to the early nineteenth century. Consols were the main securities that the CRND purchased, with deposits received from both savings bank institutions (TSBs and POSB). The problem with Consols was that the price, and thereby the yield, fluctuated with market conditions. Consols had a coupon rate of 3 per cent for most of the nineteenth century, but in 1888 Goschen, the then Chancellor of the Exchequer, attempted to consolidate the UK National debt (Homer and Sylla, 2005, p. 189). This consolidation involved the gradual conversion of UK Consols from 3 per cent to 2.5 per cent coupon rates. The problem from the perspective of the savings banks was that the national debt consolidation, coupled with increased demand for Consols, coincidently caused by the expansion of annual
limits in the savings bank accounts, pushed down Consol yields. The decrease in Consol yields meant that for a stretch of five years, from 1895 to 1900, given that the Consol yield rate was less that the POSB deposit rate, negative net interest rate spread, the POSB was a loss-making institution.

These loss making years did cause some contemporary anxiety, gauged by the questions asked in the House of Commons. (*Hansard 4*, xxxvii, 20 & 23 February, 1896). There was also conflicting concern that this decreasing Consol yields would lead to a reduction in the interest rate on savings and thus decrease saving activity (*Hansard 4*, xxxvii, 27 February, 1896). The problem regarding losses due to negative net interest rate spread in TSBs and the POSB accounts was only of short duration. The trend from 1900 was of increasing Consol yields. This was caused by an increase in government debt following the Boer War (1899-1902) and more so after the First World War (Homer and Sylla, 2005, pp 437-438). After this short period, 1895-1900, the question of the use of savings bank funds was not an immediate concern. The CRND were given more freedom to invest the savings bank funds under the 1893 savings bank act, when government stock being defined as ‘two and three-quarters per cent Consolidated Stock, two and three-quarters per cent annuities, two and a half per cent annuities, local loans three per cent stock, and Guaranteed Land Stock’(*56 & 57 Vict., c. 69, schedule 1*). From an Irish perspective the guaranteed land stock is significant as the land purchase schemes from the 1890s onwards were funded by the issue of government-guaranteed land stock and the POSB was a major institutional investor in these bonds (see McLaughlin, 2009, chapter 7).

Another issue relating to savings banks was the fact that they were one-dimensional institutions with limited asset diversification. It is useful to highlight that not all contemporary thought was oblivious to the problem created by one-
dimensional financial institutions that only offered savings services and did not lend to the private sector. During the debate of the 1887 POSB and Government Annuities Bill there was some discussion on increasing the annual deposit limit from £30 to £50 (B.P.P., 1887b, clause 1). The most poignant response to the increased limit clause came from Lubbock, a former banker, who said that the JSBs had no interest in the matter and that he had no objection to the lower classes saving per se but he found two faults with the existing system (Hansard 4, xxxvii, 27 February, 1896). Firstly, he foresaw the difficulties that the government would cause, and face, if it increased the limits from £30 to £50. In 1887 the POSB in the UK already held a sizeable number of deposits. His second point was that the savings bank only did ‘one part of the banker’s business’ the result being that ‘…these banks is to drain enormous sums from different localities in the counties, and to bring them up to London to be invested in Government securities.’ (Ibid). Lubbock recognised that there could be implications of encouraging the growth of such institutions. He pointed out that the existence of the POSB could crowd out a nascent intermediary institution, such as cooperative banks, by the fact that it almost controlled the savings element of banking (Ibid). Henry W. Wolff (1897), a contemporary economist and cooperative advocate, shows an awareness of the problem and he tried to use the savings bank deficits to make the case for alternative institutional structures.

The 1914 report on agricultural credit in Ireland acknowledged the role of the savings banks stating that ‘although the Post Office and Trustee Savings Banks cannot be considered as credit institutions in the strictest sense of the term, they have in several respects an important relation to the subject of rural credit in Ireland’ (B.P.P., 1914, p. 38). The report believed that ‘the large sums on deposit in the country Post Offices prove that there are ample funds in these localities for the purposes of
agricultural credit if the confidence of the small depositor could be attracted’ (B.P.P., 1914, p. 50). Furthermore, the 1914 report stated that ‘a grave economic injury is done to Ireland by the transfer of £15,000,000 of the savings of her population to England for investment in government securities’ (B.P.P., 1914, p. 50). However, they offered no alternative to this, or a way to re-direct the flow of savings, only to establish cooperative banks and hope for the best (B.P.P., 1914, p. 50). This policy did not address the fact that the POSB had a competitive advantage in the form of complete government security for depositors, something which no other financial institution had unless the government offered a state guarantee for deposits.

Many modern-day microfinance institutions have had problems similar to the POSB and TSB in nineteenth century Ireland in that they were one-dimensional financial institutions and concentrate on one type of financial service. But the focus of modern institutions was on credit rather than savings services, and many have attempted to transform themselves into financial institutions to also offer savings services (Ledgerwood and White, 2006). The case could be argued that in Ireland the savings institutions were too one-dimensional and could have supplied a better service if they had diversified their asset portfolio. Contemporary savings banks in Europe and America developed differently, and in some cases were lending institutions. For example, savings banks in Denmark, Germany and Sweden all had a capacity to make loans to individuals (Guinnane and Henriksen, 1998; Pierenkemper and Tilly, 2004, Lindgren and Sjorgren, 2004), but this does not take into consideration the late development of commercial JSBs in these countries. In contrast, Ireland had an established a JSB sector dating from the 1820s which provided both savings and loans services and hence why there may not have been a strong demand to reform savings banks there. The existence of state-administered savings banks suggests that there
may have been market distortions in Ireland. Lending to the private sector and private individuals is riskier than lending to the government, but a practical policy could have been arranged whereby screening and monitoring would take place, and a significant amount of savings should have been made available for small private sector loans within the Irish economy. Given that it was government policy to provide small loan and long-term mortgage facilities in Ireland towards the end of the nineteenth century and early twentieth century, perhaps such a facility could have been provided more cost effectively within a single institution.

5. Conclusion

This paper showed that the TSBs were a dominant competitor in savings markets before the famine, but they declined thereafter due primarily to institutional inadequacies. There were 12 TSBs remaining open in Ireland by 1913 and from 1860 to 1913 there was a 17 per cent decrease in the number of accounts and with a 23 percent increase in nominal savings balances; by contrast the number of Scottish TSBs had increased in the same period from 51 to 63 and there was a 343 percent increase in accounts and a 733 percent increase in nominal savings balances (B.P.P. 1861 and B.P.P. 1914(a)). This contrast highlights the loss in confidence in Irish TSBs, but in the case of Scotland may be a reflection of banking crises such as the collapse of the unlimited liability Glasgow bank. Evidence that there was a loss of confidence in the TSBs comes from the Saint Vincent de Paul’s (SVP) efforts to establish Penny Banks (PB) in the late nineteenth century. Ni Chearbhill cited a member of the SVP involved with the PBs who stated that ‘…it was impossible to persuade depositors to transfer their accounts to a joint stock bank or to the post office savings bank, although the latter was eminently suitable for the purpose. Many private
banks had crashed during the century, but evidently the poor had great confidence in the Society's banks. (Ní Chearbhaill, 2008, pp 152-153).

The continued weakness in the Irish TSB system and contemporary difficulties in the UK led to the establishment of the POSB in 1861. The POSB went on to become the dominant institution of ‘thrift’ in Ireland, this shift is illustrated in table 5. In order to gauge the relative importance of the TSBs and the POSB as savings institutions, it is necessary to compare them with the JSBs. Comparing savings deposits in the savings banks to the JSBs, see figure 8, shows that they were not insignificant and reinforces the narrative of a shift from TSBs to the POSB. The POSB from its establishment in 1862 continued to grow relative to the JSB deposits. The savings banks combined grew to a ratio of 28 per cent of the deposits held by the JSBs in 1905.

This paper has shown that the savings banks, TSB and POSB, were loss making institutions. Therefore, this indicates that savings were subsidised in Ireland. In fact, the interest rates offered by the savings banks were greater than the prevailing market rates. The interest rates set by the JSBs followed the rates set by the Bank of England. These were competitive market rates, and were usually lower than the 2.5 per cent that the savings banks were paying for deposits. The lower rates paid by the JSBs was also due to the fact that savings were short-term demand deposits, and the low rate is a reflection of the short-term nature of the investment; if the savings deposits were held for longer terms the banks could have offered higher rates. Savings were also held as demand deposits in the savings banks, but the state paid a fixed rate on these deposits. A highly significant feature of the savings banks was also the fact that they had a semblance of a government guarantee. The perception that the TSBs were safe was lost after the frauds in the 1840s, but the POSB offered a 100 per cent guarantee
and this is something which explains its growth in the 1870s and 80s. Therefore, the savings banks, most notably the POSB, had competitive advantages over the JSBs in terms of both security and higher interest rates. The savings banks had constraints on savings, such as the annual and total restrictions, but these were not binding. An obvious way for someone to overcome the annual restrictions was to deposit money in a family name; Ó Gráda (2009) suggests that this was a common practice.

The increase in the annual limits of the savings banks is also a significant factor in explaining the growth of the savings banks deposits relative to the JSBs at the end of the nineteenth and the beginning of the twentieth centuries. The JSBs seem to be irritated by the increase in the savings bank limits, see table 1. For example, the chairman of the National Bank, Mr. Slattery, stated in a speech in 1900 that ‘the advantages of state banking are placed within the reach of a class for which they were never originally intended’ (Anon. 1900b, p. 233). In modern financial theory it has been found that people will accept negative interest rates in order to get access to secure financial services (i.e. pay to save) (Ledgerwood, 1998, p. 156), but the market in nineteenth century Ireland was distorted by legislatively encouraged and imposed institutional imports from Great Britain. The JSBs argued that this rate was ‘far beyond the local value of money’ (Anon. 1900b, p. 233), and wished that the rate of interest of the POSB and TSBs be reduced (e.g. see Anon, 1900a, pp 165-166). Thrifty savers in nineteenth century Ireland were given 2.5 per cent interest, secured by a one hundred per cent state guarantee, something a competitive market could not have matched.
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B.P.P. Minutes of the evidence taken before the Select Committee on Savings Banks (Ireland). Appointed in the last session, H.C. (21), xiv, 283, 1849.

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### Table 1: Interest rates and deposit limits in TSBs 1817-1920, and the POSB

1861-1920.

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest paid to TSBs per annum (%)</th>
<th>Interest paid to depositors (%)</th>
<th>Annual deposit limit (£)</th>
<th>Total deposit limit (£)</th>
<th>Total limit of account (p+i) (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
</tr>
<tr>
<td>1817 a</td>
<td>4.56</td>
<td>No figure set</td>
<td>50</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1828 b</td>
<td>3.80</td>
<td>3.42</td>
<td>30</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>1844</td>
<td>3.25</td>
<td>3.04</td>
<td>30</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>1863</td>
<td>3.25</td>
<td>3.008</td>
<td>30</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>1880</td>
<td>3</td>
<td>2.75</td>
<td>30</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>1888</td>
<td>2.75</td>
<td>2.5</td>
<td>30</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>1893</td>
<td>2.75</td>
<td>2.5</td>
<td>50</td>
<td>150</td>
<td>200</td>
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<tr>
<td>1915</td>
<td>2.75</td>
<td>2.5</td>
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<td>Removed</td>
</tr>
<tr>
<td>1920</td>
<td>2.875</td>
<td>2.5</td>
<td>No limit</td>
<td>No limit</td>
<td>No limit</td>
</tr>
</tbody>
</table>

Notes:  

a – The rate of interest was stated as 3d per cent per diem; the annual rate of 4.56 per cent per annum was calculated by multiplying the daily rate by 365, the number of days in the calendar year.  

b – The rate of interest stated in the act was 2.5 pence per cent per diem; the annual rate of 3.80 was calculated by multiplying the daily rate by 365, the number of days in the calendar year. The interest paid to depositors was 2 pence per cent per diem; the annual rate of 3.04 was calculated by multiplying the daily rate by 365, the number of days in the calendar year.  

c – the total limit is the principal plus the interest. After 1863 TSBs were given the privilege to create special investment units for the investment of accounts that went over the £200 limit.
Table 2: ‘Amount of loss of interest sustained by the public, on account of the savings banks and friendly societies in the united Kingdom’, 1817-1849

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings Banks</th>
<th>Friendly societies</th>
<th>Savings banks + friendly societies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Britain Loss</td>
<td>Britain - Profit</td>
<td>Ireland - Loss</td>
</tr>
<tr>
<td>1817-1837</td>
<td>1,484,096</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1844</td>
<td>62,370.4</td>
<td>39,302.9</td>
<td>101,673</td>
</tr>
<tr>
<td>1845</td>
<td>28,396</td>
<td>48,581.2</td>
<td>20,185</td>
</tr>
<tr>
<td>1846</td>
<td>36,917.35</td>
<td>54,194.55</td>
<td>17,277</td>
</tr>
<tr>
<td>1847</td>
<td>36,947.2</td>
<td>54,611.9</td>
<td>17,664</td>
</tr>
<tr>
<td>1848</td>
<td>1,922.55</td>
<td>27,328.25</td>
<td>29,250</td>
</tr>
<tr>
<td>1849</td>
<td>29,954.65</td>
<td>6,902</td>
<td>36,856</td>
</tr>
</tbody>
</table>

Table 3: Banking institutions and number of branches/units in 1862

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>Number of branches/units</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSB</td>
<td>300</td>
</tr>
<tr>
<td>JSBs</td>
<td>196</td>
</tr>
<tr>
<td>TSBs</td>
<td>53</td>
</tr>
<tr>
<td>LFSs</td>
<td>105</td>
</tr>
</tbody>
</table>

Sources: Appendix i, in the Eight report of the Postmaster General on the Post Office, [2984], H.C. 1862, xxvii, 393. and Thom’s Directory, 1862.

Table 4: JSB branches and POSB in 1862

<table>
<thead>
<tr>
<th>Institution</th>
<th>Number of branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSB</td>
<td>300</td>
</tr>
<tr>
<td>National Bank</td>
<td>52</td>
</tr>
<tr>
<td>Provincial Bank of Ireland</td>
<td>43</td>
</tr>
<tr>
<td>Bank of Ireland</td>
<td>26</td>
</tr>
<tr>
<td>Belfast Banking company</td>
<td>25</td>
</tr>
<tr>
<td>Ulster Bank</td>
<td>25</td>
</tr>
<tr>
<td>Northern Banking company</td>
<td>20</td>
</tr>
<tr>
<td>Union Bank of Ireland</td>
<td>4</td>
</tr>
<tr>
<td>Hibernian JSB</td>
<td>3</td>
</tr>
<tr>
<td>English &amp; Irish bank</td>
<td>1</td>
</tr>
<tr>
<td>Royal Bank</td>
<td>-</td>
</tr>
</tbody>
</table>
Table 5: Inter-decadal percentage change in the units/branches, savings deposits and depositors in TSBs and the POSB, 1861-1911

<table>
<thead>
<tr>
<th></th>
<th>TSBs</th>
<th>POSB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Units (1)</td>
<td>Savings Deposits (2)</td>
</tr>
<tr>
<td>1861-1871</td>
<td>-25.45</td>
<td>3.18</td>
</tr>
<tr>
<td>1881-1891</td>
<td>-38.71</td>
<td>-4.32</td>
</tr>
<tr>
<td>1891-1901</td>
<td>-31.58</td>
<td>19.86</td>
</tr>
<tr>
<td>1901-1911</td>
<td>-7.69</td>
<td>8.83</td>
</tr>
</tbody>
</table>
Figures

Figure 1: Savings balances held in Irish savings banks, 1840-1914

Figure 2: Number of TSB and POSB depositors and percentage change in number TSB and POSB depositors, 1838-1914
Figure 3: Average savings balances in UK and Irish TSBs and the POSB in UK and Ireland, 1838 to 1914

Figure 4: Percentage change in savings deposits in JSBs, TSBs, LFSs and the POSB, 1841-1914
Figure 5: Percentage change in Post Office Savings Bank savings balances, Trustee Savings Bank savings balances and Loan Fund Society capital, 1877-1882

Sources: Reports of the Postmaster General, *Thom’s Directory*, and LFS Board reports.

Figure 6: Number and percentage change of persons receiving poor relief

Source: *Thom’s Directory*, various years.
Figure 7: Consol yield and TSB and POSB interest rates


Figure 8: Percentage ratio savings bank savings deposits to JSB savings deposits, 1840-1914
Map 1: LFSs, RLFs and TSBs, c. 1841

Source: Fourth annual report of the Commissioners of the LFS Board of Ireland, H.C. 1842, xxiv and Fourth annual report of the Commissioners of the LFS Board of Ireland, H.C. 1842, xxiv, 247.247.
Map 2: Savings Banks, 1861-62

Map 3: Savings Banks, 1911
Sources for maps 2 and 3: Postmaster General annual report and *Thom's Directory.*