

# The Hongkong and Shanghai Banking Corporation

The Manila branch of this great corporation dates from 1873 and has a history of remarkable banking service here.

The Hongkong & Shanghai Banking Corporation whose shares stand at enormous premium because its profits are perennially large, was organized in Hongkong in 1866 after business panic and bank failures reverberating out of Bombay had quite demoralized eastern commerce. In contrast with earlier banks that had lost popularity, their heads at London and more or less in the clouds, this bank was organized by the very merchants and shipping men who would be among its greater customers. Its interest has therefore always been associated with that of its patrons, whom it has seen through many a tight situation.

A story of the bank as a whole is recounted interestingly by A. M. Townsend, who, born in 1847, a son of a minister, was by 1866 of some experience in banking in the Far East and held a place in a bank at Hongkong. Townsend's fortune naturally rose with that of the new bank he had joined up with, and from junior manager at London 1901 to 1905, he became senior manager and retired in that position in 1912. In Townsend's time, Japan was rising to power in friendship with England and at one period the Hongkong & Shanghai had all the business of floating the recurrent Japanese foreign loans—a business later distributed between this bank, Parr's Bank, and Yokohama Specie, and long since, of course, passed entirely to Japanese banks.

But China was always the fountain of greater business, China with growing use of imported manufactures, of ocean shipping, or banks and their facilities: China remodeling old cities, meeting indemnities, building railways, a new China where Hongkong would tranship goods in and out of her southern provinces, where Shanghai would become one of the world's very largest ports and cities. Hongkong & Shanghai was in at the beginning of this vast development, and retains all its advantages that remain unaffected by the Sino-Japanese war. Springing lightly as a young man from a failing ship to a sturdier one destined to ride out every storm, Townsend had made a wise choice. The new bank, its headquarters at Hongkong, always knew when big business would be at hand; its association with the merchants and industrialists and financiers who steered his business along enabled it to profit from it.

So it was that the Manila branch was opened so early, 1873, only seven years after the bank was chartered. The Suez canal was coming along, Spain was peculiarly beholden to England, and the British period in Philippine commerce had already begun. The Manila railroad from Manila to Dagupan was soon to be built, a British venture that would help the bank. Exporting boomed, with occasion recessions, and all made business for the bank in its favorite department, foreign exchange. Chinese who were expanding their mercantile activities here were of course good customers of the bank. There was no doubt but that the branch would succeed.

Old export-import houses, originally American enterprises, were to pass to British ownership and use the bank: Russell, Sturgis & Co., Peele, Hubbell & Co.

Though a great deal of the exporting was to the United States, no American banks were here, and few American ships. For many years subsequent to the

American occupation, bills on Manila hemp destined for New York were written in sterling and cleared through London. Merchants fixed the exchange with London, largely through this bank. Dollars never figured in the trade at all. Many advantages of this commerce remain, British moving a great deal of Commonwealth cargo, both imports and exports, though the bulk of the business is with the United States.

But the Hongkong & Shanghai does a general banking business, of course, and shares with other banks the growing financial stability and general prosperity of the Islands.

The bank has always been located where it now is, opposite the Bank of the Philippine Islands at the intersection of calle Juan Luna and callejon San Gabriel—the most prominent banking corner in the wholesale district. But until 1922 the bank's building was a two-story wood structure, in 1922 the present handsome concrete structure set on piles took the old building's place. Acting Governor Charles Emmett Yeater spoke at the dedication of the new building, and used for his theme Lincoln's exposition of the validity of chattel property and the virtue of thrifty persistence. That one man adorn a beautiful home and enjoy fortune, though Lincoln, is not matter for envy by his neighbors—it is assurance to them that the rewards of their diligence will also be secure.

Up to the establishment of a Philippine currency thirty-five years ago, banks dealt with a great deal of silver currency and there was constant speculation in it. This was only suppressed by alloying the peso and underweighting its silver content. The Philippine government at that time issued no currency, the Banco Español-Filipino had the exclusive right of issue, and the smallest paper bill was the five-peso bill. Below that came the Mex dollar, gross with silver, and subsidiary coins. Checking accounts were few, and checks in the ordinary transactions of business almost unknown. While all this has changed and banks have become the everyday depositories for the general public, an anecdote of oldtimes may not be out of place.

An American merchant friend of a Chinese merchant on calle Rosario whom the American knew to be wealthy, advised the Chinese to open a bank deposit and keep less money round his place. To help the Chinese further, the American went to one of the old banks and recommended him, but the bank said it would not like to accept a new mercantile account of less than P500,000, and this stunner the American reported back to the Chinese. And the Chinese, nothing daunted, rather liked the conservatism of this, which didn't change his decision to become a bank customer. When all was ready, he called bearers who carried his money to the bank in bagfuls, paper, silver, and all. It was a great deal more than the minimum P500,000 and bank clerks spent a full day checking it in.

Early in the American period, a fact now forgotten, the Hongkong & Shanghai was a government depository, first for the military, then for the civil government. Business grows, and now there are eighteen staff men at Manila, with C. I. Cookes the general manager for the Islands.