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Female investors in the first english and Welsh commercial joint-stock banks

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Abstract

The 1826 Banking Act was passed to strengthen the banking sector. It allowed the establishment of joint-stock banks in England and Wales outside a 65-mile radius of Charing Cross, London. Institutions formed under this legislation could have an unrestricted number of partners but they did not enjoy the privilege of limited liability. This article examines the extent of female investors in joint-stock banks formed under the 1826 Act. Analysis of shareholdings found that female investors were in a minority yet their holdings in aggregate increased over time. They were primarily widows and spinsters, who collectively became significant in the emerging national financial securities market.

Keywords:

Women shareholders investors joint-stock banks unlimited liability

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Notes

1. The number of original subscriptions (or shareholdings) in each bank, and those of women, range from 92 shareholders (eight women) in the case of the Bradford Banking Co. in 1827 to 1,212 shareholders (197 women) in the case of the Bank of Liverpool in 1831. The number of shareholders in the other banks lies between these two ‘limiting’ figures. Percentages of share values have been used here for the purpose of analysis rather than the number of shareholdings in order to produce meaningful comparisons.

2. There is no biography of Joplin, but see http://www.oxforddnb.com/view/article/15117 [accessed 20 Oct. 2004]. In turn, the Bradford Banking Co. acted as the model for establishing the York City & County Bank during spring 1830 (Bailey, 2003: p. 24).

3. For the promotion of the Bradford and Huddersfield banks, see Crick & Wadsworth (1958: p. 204) and Hartley (1975); for the Cumberland Union, Crick & Wadsworth (1958: p. 115); for the Halifax, Sayers (1957: p. 17) and Roth (1914); for the Barnsley, Crick & Wadsworth (1958: p. 215); for the Liverpool, Chandler (1964: pp. 236–239); and for the Westmorland, Crick & Wadsworth (1958: p. 134).

4. HSBCGA: H 24, Huddersfield Banking Co., Share register and transfer book, 1827–1890s.

5. HSBCGA: H41/18, Huddersfield Banking Co., Prospectus (9 March 1827).

6. RBSGA: 574, Nottingham & Nottinghamshire Banking Co., Board of Directors, Minute Books [hereafter BDM], 8 Nov. 1833; LTSBGA: Liverpool Union Banking Co., book no. 93, BDM, AGM, 3 Jan. 1836; and, for the prospectus of the North Wilts Banking Co., March 1836.

7. For the promotion of Coventry & Warwickshire, see Sayers (1957: p. 19); for Liverpool Union, see Sayers (1957: pp. 20, 51, 281); for Birmingham & Midland, see Crick & Wadsworth (1958: p. 55) and Holmes & Green (1986: pp. 15–22); for County of Gloucestershire, see Sayers (1957: pp. 18, 280); for Coventry Union, see Crick & Wadsworth (1958: pp. 85, 87ff.); for Halifax & Huddersfield Union, see Sayers (1957: p. 17) and Roth (1914); for London Joint Stock, see Crick & Wadsworth (1958: p. 279); for North & South Wales, see Crick & Wadsworth (1958: p. 176); for Sheffield & Hallamshire, see Crick & Wadsworth (1958: p. 202) and Newton (1996: 64–83); and for Sheffield & Rotherham, see Anon. (1967) and Newton (1996).

8. These findings are very similar to those of Carlos & Neal (2004) in their examination of women holders of Bank of England stock between 1720 and 1725. They found that women who actively traded Bank shares owned 10.8 per cent of the capital stock in 1720 and 14.5 per cent in 1725. Widows and spinster were dominant amongst these shareholders, as in this sample (see below).

9. Holdings by value, whether overall or solely those of women, were positively skewed in their distribution for all banks, the respective median values being less than those of the averages.

10. HSBCGA: X49, representatives' register.

11. BBGA: 38/5557, Bank of Liverpool, BDM, vol. 1, 17 Mar. 1831.

12. HSBCGA: AB3, Coventry Union Banking Co., BDM, 13 May 1836. In the case of the Halifax & Huddersfield Union Bank, its deed of settlement laid down that ‘5,000 shares were to be reserved for the further distribution at which premium the directors might decide and for the general benefit of the said company’ – LTSBGA: file no. 7013, deed of settlement, 1 Jul. 1836.

13. See, for example, HSBCGA: B6, Bradford Banking Co., BDM, 25 May 1846 with respect to William Turley's attempt to sell ten shares to William Wilkinson. The directors wanted to be assured about the ‘circumstances and character’ of the proposed purchaser.

14. As was the occasional explicit bias against women.

15. Inter-regional capital flows occurred in other types of companies. Capital flowed from Lancashire to Sheffield iron and steel firms in the second half of the nineteenth century due to the activities of the company promoter David Chadwick (Newton, forthcoming ch. 6).

16. LTSBGA: Wilts & Dorset Banking Co., Book number 3177, shareholders' register, 1835–1853. The majority of all shareholders, including women, tended to come from the areas in which the banks operated (Newton, 2001).

17. Women lost their property rights on marriage until 1870. However, the 1870 Act prevented married women owning partly paid shares in their own names, a characteristic security of joint-stock banks. This exclusion persisted until the 1882 Married Women's Property Act. It was possible for a wife's property to be held in trust before 1882, which could protect some, or all, of her property from that of her husband, the assets in question often having been given by a father to his daughter. It was thus possible for women to own property under common law and, consequently, to have capital and income, and the ability to pass these assets to their children. Widows could also use settlements to protect resources inherited from one marriage when entering another (see Holcombe, 1983; Morris, 1994: pp. 171–191; Rutterford & Maltby, 2005). Others argue that trusts and settlements did little to protect a wife's property since it was common to make a husband the trustee (see Okin, 1983–1984; Davidoff & Hall, 1987).

18. Although bank officers were clearly aware of the legal status of wives' property, many did not realise the almost insuperable problems caused for their respective institution should a member of the clergy be one of its shareholders (Thomas, 1934: pp. 240–241). As the result of an Act passed in 1817 (75 Geo. III, c. 99), a joint-stock bank that had a clergyman among its shareholders could not legally recover any of its debts, while the whole of its equity was forfeit, half to the Crown and half to the individual who sued it under the legislation. Although the York City & County Banking Co. declined a share application from the Vicar of Tadcaster, this was solely because its share issue had been oversubscribed (Bailey, 2003: p. 92).

19. HSBCGA: B42/3, Bradford Banking Co., Prospectus, 22 March 1827, clause 8.

20. HSBCGA: C12, Bank of Westmorland, share ledger, 1833–1880.

21. BBGA: Bank of Liverpool, deed of settlement, 1831, 25/624(1).

22. For Birmingham & Midland, see also Holmes & Green (1986: p. 327, Appendix 3).

23. As when the banks in our sample were being established, holdings by value, whether overall or solely those of women, continued to be positively skewed in their distributions for nearly all banks, the respective median values being less than those of the averages. The one exception is female shareholdings in the Huddersfield Banking Co. in 1847, for which the median – £150 – is significantly greater than the average, indicating negative skewness.

24. When analysing shareholders of the Ulster Banking Co. between 1868 and 1879, Hickson & Turner found that spinsters made up 19.7 per cent of total investors and widows 10.6 per cent. However, it should be noted that this bank in Northern Ireland had a very different organisation, with a specific history and different context to its English counterparts (Hickson & Turner, 2003: p. 946). Further research is required in order to ascertain the extent of the increase in women's shareholdings in metropolitan banks.

25. HSBCGA: A4, Barnsley Banking Co., share ledger, 1832–1896.

26. In a further attempt to explain why women invested in early joint-stock banks some correlations were calculated, but these are of limited use due to our sample's small size: between paid-up capital per bank and percentage of women's investment (by value)=0.34; between the average value of women's shareholdings per bank and the

percentage of women's investment = 0.19; and between the number of shareholders per bank and the percentage of women's investment = –0.32.

27. HSBCGA: J29, Hull Banking Co., proprietors' ledger no. 1.

28. Conversely, the York City & County Banking Co., far more successful in its early years, had only one female shareholder when it was formed in spring 1830 but thereafter they became more numerous (Bailey, 2003: p. 22).

29. Unfortunately the share price index complied by Gayer et al. does not include provincial joint-stock banks. Its banking component comprises initially: Provincial Bank of Ireland, National Bank of Ireland and Royal Bank of Scotland, to which is subsequently added: National Provincial Bank of England, London & Westminster Bank and London Joint Stock Bank (Gayer et al., 1953: pp. 439–450).

30. For the experience of provincial share markets see Thomas (1973, Ch. 2).

31. The female ‘rentier’ investor was an individual that looked for safe investment opportunities, as identified in the nineteenth century discourse.

32. Annuity rates followed the movement of the yield on Consols which secularly declined as the National Debt was amortised.

33. Sampling of the East India Company's stock ledgers reveals that the share held by females rose from a nadir of 7.5 per cent in 1774 to 10.3 per cent in 1807 and 16.1 per cent in 1830. The average size of female holding was £1,161 in 1807 and £1,615 in 1830. The stock gave a fixed annual return of 10½ per cent on its nominal value and was highly marketable, hence closely analogous to Consols (Bowen, 2005, Ch. 4). We are grateful to Professor Huw Bowen for allowing us to read proofs of his forthcoming monograph – The Business of Empire: the East India Company and Imperial Britain, 1756–1833 (Cambridge: Cambridge University Press, 2005).

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