

**FROM PENNY BANK TO MULTINATIONAL PARTNER:
STRATEGY AND STRUCTURE AT THE YORKSHIRE BANK, 1895-2001.**

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Abstract.

When in 1859 the prominent businessman Edward Akroyd established the West Riding Provident Society and Penny Savings Bank, little did he realise that this institution would evolve into what today is part of a multinational banking operation. As a typical example of his class, Akroyd was principally concerned with encouraging thrift amongst the increasing number of woollen textile workers that populated West Yorkshire, especially around Halifax, Bradford and Leeds. In pursuing this strategy, what had become by 1860 the Yorkshire Penny Savings Bank had built up a network of what in 1884 was 955 branches. The Bank's expansion, however, was by no means linear, because in both 1911 and 1952 severe liquidity crises materially affected both its strategy and structure. It is the principal purpose of this paper to assess the long-term evolution of the Bank's management strategy and its ensuing ownership and structure. The first section will outline the reasons why Akroyd formed the Bank, providing some original insights into the nature of penny bank activities by highlighting how it attracted customers. This will be followed by an examination of the bank's early evolution, culminating in the first of its major crises, when in 1911 the Midland Bank engineered a recovery. Similarly, in 1952 another major restructuring occurred, resulting in changes to both ownership and structure. By the time the name had been changed to Yorkshire Bank Ltd., in 1959, management had moved into a full range of banking activities. Clearly, this was a highly successful strategy, because both profitability and reserves increased impressively. Indeed, by the time the National Australia Bank Group had acquired Yorkshire Bank in 1990 (at a cost of £1 billion), it was one of the most profitable British banks. This impressive record has also been sustained throughout the 1990s. The key issues will consequently be the viability of penny banks in a British context, how management strategy and structure were modified to cope with the changing environment, and the reasons why Yorkshire Bank become so successful from the 1950s. It is a paper that will link the savings bank sector into the general development of British banking, especially in catering for what has frequently been described as 'the great unbanked'.

It is important to note that much of the research on this institution remains to be done. Indeed, given the problems associated with working for Northern Business Press (as the sponsoring organisation), it is some time since the authors have been able to devote sufficient time to this project. Nevertheless, we have laid solid foundations for a study that gives some fascinating insights into local banking.

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FROM PENNY BANK TO MULTINATIONAL PARTNER: STRATEGY AND STRUCTURE AT THE YORKSHIRE BANK, 1895-2001.

Having originated as a manifestation of industrial paternalism, what is now Yorkshire Bank plc has become one of the Britain's most important regional banks. Such was its reputation by 1990 that it had been acquired by the National Bank of Australia, as part of a strategy to link regional banks into a functionally-integrated organisation. While this in itself might not seem surprising, one should remember that in 1911 and again in 1952, what became the Yorkshire Bank was rocked by severe crises, both of which resulted in dramatic changes to its ownership, structure and strategy. This rich history provides an opportunity to study British savings banks in their many guises, from the nineteenth century savings banking model through to the global structure that prevailed by the 1990s.

This paper will be broken into four sections. The first will be concerned with how the bank first emerged in the 1850s, illustrating how its founder, Edward Akroyd, wanted to instil values like thrift into his workforce. Secondly, we shall assess why and how the bank grew rapidly up to the Edwardian years, opening hundreds of branches across its region and expanding its client base. While this phase culminated in a major liquidity crisis in 1911, the bank had established itself as an important component of the regional banking system. Indeed, as we shall see in the third section, it was regarded as so important that major figures in the banking world were prompted to initiate a rescue, materially influencing its development after 1911. Similarly, in 1952 another liquidity crisis was handled by a syndicate of banks fashioning a recovery programme that laid the basis for yet another phase of expansion. Finally, it is important to examine why in 1990 the National Bank of Australia acquired the Yorkshire Bank. Clearly, decisive changes in ownership have radically altered the course of the bank's evolution, prompting questions about the nature of the organisation established almost 150 years ago as a means of encouraging thrift. Using a range of primary and secondary sources, this paper will attempt to unravel these issues, relating a tale of banking enterprise that has for too long been ignored.

1. Akroyd, Industrial Paternalism and Social Control.

The Akroyd woollen business was already one of the largest in West Yorkshire when Edward Akroyd was born in November 1810. Based in Halifax, but with factories at Bowling Dyke and Haley Hill, the Akroyd family contributed extensively to the region's emergence as Britain's principal woollen and worsted manufacturing centre. Such was the family's wealth that when Jonathan Akroyd died in 1837, he left Edward an estate valued at £1.75 million. Edward used this wealth to expand the business further, firstly by acquiring another factory (at Luddenden Foot), and secondly, through the purchase of Heilman's important wool-combing machinery patents (for £33,000).

By 1850, Akroyd's firm employed approximately 2,000 combers, spinners and weavers, giving it a key position in the local economy. Furthermore, their political influence was far from negligible, because the Akroyd family played a major role in West Yorkshire, sitting on Halifax's town council, as well as participating in all the major political debates of the day, especially those concerned with constitutional reform (Chartism), free trade (the Anti-Corn Law League) and factory reform. At the same time, just as with contemporary industrialists like Salt, Ashworth and Gregg, in

struggling to cope with the enormous challenge associated with retaining the loyalty of their expanding factory workforce, the Akroyds experimented with industrial paternalism. As Joyce illustrates, industrial paternalism must not be confused with the feudalistic notions of an aristocratic, rural-based society.¹ There was very little *noblesse oblige* in industrial paternalism; rather, its aim was both to extend employer control over the workforce, and at the same time instil in the working classes such virtues as loyalty, diligence, time-discipline and thrift. Familial analogies were frequently used to reinforce this system, with the factory-owner seen as the head and all other employees bracketed as subordinates. It became one of the most powerful weapons in employers' hands as they sought to come to terms with industrial capitalism and all its attendant challenges.

As a powerful ideology, industrial paternalism consequently proved to be a major influence on nineteenth century employers in the struggle to sustain managerial hegemony. The physical manifestations of industrial paternalism were housing, shops, chapels, schools, canteens and even the allocation of small plots of land, where workers' families could either grow vegetables or keep an animal. The Akroyd school, for example, was the largest in Halifax after the original 1833 building was extended in 1839. By the mid-1840s, a small housing estate had also been added to the Copley Mill, while between 1849 and 1853 a large community was established at a cost of £11,500. So enamoured of this scheme was Edward Akroyd that in 1855 plans were made for the construction of 'Akroyden', close by the much larger Haley Hill mill, reflecting in ideal form the aspirations of industrial paternalism.

While one could say much more about both the Akroyd business and the industrial communities that clustered around its factories, the key dimension from our perspective is the link between these activities and the establishment of a savings bank. In fact, as early as 1852 the Woodside Penny Savings Banks had been formed by Edward Akroyd within the Copley factory community. Based in the pay office of the Bowling Dyke mill, the bank was attended by two clerks, Messrs. Wainhouse and Hebden. By March 1853, 600 depositors had paid in £819 15 s 7d.² It was noted that the majority of withdrawals happened at certain times in the year. The young depositors tended to withdraw their savings between Easter and Whitsuntide and the adults withdrew their savings at the beginning of November and May, which most probably coincided with rent days.³ Akroyd attempted to encourage all employees to donate one penny per week from their earnings into the Bank. Maxims like *A Year of Carefulness Will Save Many a Year of Care* were printed on the depositors' paying-in books, hammering home the point that it was the individual's responsibility to provide for his/her own welfare. By 1855, such was its success, that the bank was moved to the much larger Haley Hill site, where Akroyd converted a building that had originally been intended to house a Baptist chapel to act as its base. This must be one of the first recorded conversions of a building devoted to God into a sanctuary beholden to Mammon. To Akroyd, though, it was very much a part of an overall strategy to inculcate into his workforce those virtues that would stand them in good stead over the long-term. As he wrote when advocating the creation of a larger scheme covering the whole of West Yorkshire:

'Unless, like a working bee [the worker] can lay up beforehand a sufficient store of honey against the benumbing frost of sickness or the coming winter of

¹ P. Joyce, *Work, Society and Politics*, Methuen 1980, pp.13-15.

² *Proposed Scheme For A West Riding Of Yorkshire Provident Society And Penny Savings Bank*.

³ *Ibid.*

old age, the vision of a starving wife and family.... may become a sad reality.’⁴

This is a philosophy with which many of the nineteenth century industrial paternalists would have heartily agreed.

Of course, the establishment of savings banks for this purpose had a much older pedigree, going back to experiments conducted by various religious groups and philanthropists at the end of the eighteenth century.⁵ The major surge in creating savings banks occurred after 1807, resulting in state intervention by 1817 as a means of laying down basic regulations on their constitution and operation. By 1820, there were consequently 512 savings banks working across the British Isles, most of which had been established by prominent local people who were keen to peddle the same ideas advocated by Edward Akroyd. This philosophy also seemed to prove popular, because by 1841, by which time 553 savings banks were in operation, over 841,000 depositors had paid in almost £24.5 million. Most of these operations were small-scale, limiting the opportunities to hire full-time staff capable of developing the concept much more widely. On the other hand, it is clear that especially within the major industrial districts savings banks had become an established feature of working class life.

Closely linked to this trend was the emergence of the *penny* savings bank.⁶ While the first of these institutions was established in Hull in 1849, it was the activities of Sir Charles Sikes that prompted a significant surge in their popularity. Not only did Sikes establish a penny savings bank in Huddersfield a year after the Hull institution was formed, but he had also published a pamphlet popularising the penny savings bank concept several years earlier.⁷ It was this pamphlet that persuaded Edward Akroyd to start his first penny savings bank at the Bowling Dyke mill.⁸ By 1856, however, on one of his frequent business trips to London, after listening to a sermon by the Reverend Charles Kingsley at the Whitehall Chapel, London, he came up with an even more ambitious proposal. Kingsley referred in his sermon to a book written by Countess Spencer, entitled *East and West*, laying out the details of the good works of the Ladies’ Association amongst the poor of London. Akroyd believed that within this book lay the practical solutions to helping the poor to help themselves,⁹ leading him to devise a scheme purportedly capable of relieving working class poverty across the West Riding.

As Akroyd believed that a ‘self help’ philosophy was the way forward in conquering poverty, in May 1856 he published a pamphlet proposing the creation of a West Riding Working Man’s Provident Society and Penny Savings Bank. A clear vision for the new institution was put forward by Akroyd – a vision that he pursued with missionary zeal. Moreover, these early writings were to prove fundamental with regard to the aims, function and organisation of the later West Riding Penny Savings

⁴ *The Proposed Scheme For A West Riding of Yorkshire Working Man’s Provident Society And Penny Savings Bank*, p.2 (London, 1856). Pamphlet in Yorkshire Bank Archives.

⁵ This section is based on H. Oliver Horne, *History of Savings Banks*, Oxford University Press, 1947.

⁶ Horne, *History of Savings Banks*, pp.182-7.

⁷ *Proposed Scheme For A West Riding Of Yorkshire Working Man’s Provident Society And Penny Savings Bank*, p.20.

⁸ *Halifax Branch Of The Yorkshire Penny Bank. Opening Of The New Premises*, photocopied article in the Yorkshire Bank Archives concerning the opening of the new Halifax branch on Waterhouse Street, July 23 1888.

⁹ *The Yorkshire Penny Bank: A Narrative, With An Introduction By Edward Akroyd, M.P.*, (London: Longmans, Green and Co., 1872), Yorkshire Bank Archives.

Bank. In the pamphlet, Akroyd made reference to the qualities of the working men of the West Riding:

‘The Working men of the West Riding are naturally shrewd, provident, industrious, and imbued with a noble spirit of independence ... they manifest a disposition to save money and to lay up provision against sickness and old age’,¹⁰

His principal aim was to absorb into this grand scheme all the local provident and other savings societies, recruiting prominent local people as directors (instead of relying on London bankers), in order to generate a substantial fund capable of eradicating working class poverty. Clearly, it was a scheme that garnered substantial support, because after a meeting on 17 November 1856 at the Philosophical Hall in Leeds, eminent local businessmen like Sir Titus Salt (founder of Saltaire) and John Crossley (of Crossley’s Carpets) agreed to work with Akroyd to establish The West Riding of Yorkshire Provident Society and a Penny Savings’ Bank.¹¹ However, even though a Guarantee Fund of £3,555 was allocated to the Provident Society by the sponsors,¹² Akroyd failed to persuade all the local provident societies to join his organisation.¹³ As Akroyd also noted: ‘Many meetings of this Executive were held...with little or no progress. Some influential County Magistrates took alarm at the magnitude of the undertaking’.¹⁴ Others felt that the imminent creation of the Post Office Savings Bank would provide the necessary mechanisms for harnessing working class savings. In consequence, Akroyd agreed in 1859 to merge the organisation into the Mutual Provident Alliance Society,¹⁵ forcing him to rethink his overall strategy.

While Akroyd’s grand scheme had floundered, he was still left with the penny savings bank that operated out of his own factory. This small operation had proved to be highly successful, persuading Akroyd to devote more time and energy to converting his vision into reality at a more localised level. Relunched as the West Riding of Yorkshire Penny Savings Bank on 1 May 1859, and registered under the Friendly Societies’ Act, it commenced operations with a Head Office at No. 2 East Parade, Leeds. Its slogan was *From One Penny Upwards*.

An important point to make about this move is the changing legislative environment into which the Bank was launched. As we saw earlier, up to the 1850s savings banks had been extending their influence across most parts of the British Isles, especially in highly-concentrated industrial-urban regions. However, there was widespread concern about the shaky financial base of many savings banks, given their limited deposit base of working class savers who were frequently prone to unemployment. Consequently, the Chancellor of the Exchequer, William Gladstone, decided to reform the system. Firstly, in 1861 he established the Post Office Savings Bank, providing government backing for the small-scale saver. This resulted in a serious decline in the number of private savings banks, because by 1901 just 230 remained, compared to over 530 in 1841, with funds of £58.2 million owned by 1.65

¹⁰ *Proposed Scheme*, p.2.

¹¹ *Short “Centenary History” of the Yorkshire Penny Bank*, written in 1959, Yorkshire Bank Archives.

¹² *The Great Oak*.

¹³ *The Yorkshire Penny Bank: A Narrative*, p.3.

¹⁴ *The Yorkshire Penny Bank: A Narrative*, pp 5-6.

¹⁵ *The Joint Stock Companies’ Journal*, 21st March, 1900.

million depositors. Over the same period, the Post Office Savings Bank had opened 8.8 million accounts and taken in £140 million.¹⁶

Another reform initiated by Gladstone was the 1863 Savings Bank Act, aimed at strengthening the private savings bank movement by obliging each institution to seek certification as a trustee savings bank, and at the same time agree to tightly-regulated investment and deposit strategies. As this could have severely prescribed the opportunities open to Akroyd's new venture, especially as savers were switching in significant numbers to the Post Office Savings Bank, it persuaded the founder to consider a much more ambitious strategy based on imitating the regional commercial banks. Indeed, while the West Riding of Yorkshire Penny Savings Bank's origins owed more to paternalistic aspirations, its development from the early-1860s was determined more by Akroyd's desire to develop a full range of services, albeit services still aimed at the vast majority of the population that had to date been neglected by the joint stock banks that dominated regional banking up to the First World War. This is why by 1871 Akroyd's venture had been registered as a joint stock company limited by guarantee and renamed the Yorkshire Penny Bank. Crucially, no share capital was floated at the time of this reconstruction, indicating how Akroyd and his immediate successors insisted on the pursuit of a vision that had been laid down in the 1850s, namely, that the Bank existed to help 'the great unbanked', rather than as another money-making venture for the financial community.

2. Organisation, Strategy and Expansion.

In developing the Yorkshire Penny Bank, Akroyd used the model initially proposed in 1856 for his West Riding Working Man's Provident Society and Penny Savings Bank to establish an extensive network of branches, all controlled by a central supervisory body. The president of what was called the central committee was to be a man of high standing, a reflection of which was the calibre of those who occupied the position - the Hon. Edwin Lascelles (1859-1866), the Marquis of Ripon (1866-1870), Akroyd himself (1870-1880), the Earl of Wharnccliffe (1880-1882) and the Earl of Harewood (1882-1911). There were also two or more vice presidents, followed by fifteen guarantee managers, a third of which would retire annually, and then five permanent trustees, to be nominated by the guarantee managers. Each Trustee was to provide a guarantee of not less than £100, and each guarantee manager a guarantee of not less than £20. The presidents of the district committees were also to be *ex officio* members of the central committee. Treasurers were to be nominated by the central committee, and one Treasurer was appointed to each District.

In extending the influence of the bank, branches were to be opened in towns and villages under the supervision and control of the district committees. Polling districts were used for the setting of the boundaries for each district committee and it was their responsibility to fix the amounts of cash held by each branch actuary (with the approval of the central committee). District treasurers were appointed by the central committee, and these were usually managers of the old established banks in nearby towns. The treasurers would receive any surplus balances from the actuaries of each branch bank. In turn, these funds were remitted to the general treasurer. The district committee also had to approve the establishment of new branches, prior to the approval of the central committee. The district committee was headed by a president,

¹⁶ Horne, *History of Savings Banks*, pp.389-91.

followed by at least 5 Managers. The Presidents of all the branch banks in the district were also to be members of the district committee¹⁷.

The branch banks were to represent the ‘grass roots’ of the Bank. It was they who were to have day-to-day contact with customers. Each branch bank was to operate under the management of a president, two or more managers, an actuary and an auditor, all of which were to constitute the branch committee. No business was to be carried out at any branch unless the actuary, a manager and an auditor were present.¹⁸ The actuaries were of great importance to the early Bank. They performed the function of cashier and would receive and repay money on behalf of the Bank. They would also remit and convey any surplus money to the district treasurer before the following deposit night. Because the actuaries had direct responsibility for the money held by each branch, they were to be men of good character, well respected in the community.

The president of the branch was rarely seen on deposit nights, for he was to be a figurehead only. However, the managers of the branch, who were also men of position and influence in the neighbourhood, were vital to instil confidence in depositors. It was their presence on deposit nights that gave ‘confidence to the members...’.¹⁹ These managers were not generally guarantee managers. Usually, branch managers qualified for their position by either a donation of £5 to the funds of the Bank, the annual subscription of not less than 10 shillings, or by rendering gratuitous service to the Bank. Any manager could be appointed to the branch committee, but only a guarantee manager could serve on the district and central committees²⁰.

Table 1: Number of Depositors and Amount on Deposit

Year	Depositors	Amount on Deposit (£)
1860	2,000	23,313
1870	46,000	229,609
1880	120,000	1,115,008
1890	280,000	5,021,169
1900	550,000	12,840,902
1910	740,000	18,542,280
1920	950,000	29,575,686

Source: *Facilities for Thrift, 1920*. Yorkshire Bank archives.

If the institution’s first phase of expansion is anything to go by, the organisation of the early Bank worked in a highly efficient manner. When the Bank was first established in May 1859, there was only one part-time branch, which also functioned as the Head Office. The first new branches to be opened were at Dewsbury and Oxenhope, while in the following months these were followed by branches at Flockton, Methley and Holbeck. By the end of the year, there were 24 part-time branches scattered around the West Riding, with 9,546 depositors having total

¹⁷ *The Rules And Regulations Of The West Riding Of Yorkshire Penny Savings Bank. Central Bank: Leeds*, (Leeds, 1859), a small booklet in Yorkshire Bank Archives.

¹⁸ See *The Yorkshire Penny Bank: A Narrative, With Introduction By Edward Akroyd*.

¹⁹ *Ibid.*, p.12.

²⁰ See *Rules And Regulations Of The West Riding Of Yorkshire Penny Savings Bank*.

balances of £2,962 (or an average of 6 shillings per head).²¹ While this evidence does not tally with Table 1, drawn from another source, it is clear that over the course of the following sixty years what became in 1860 the Yorkshire Penny Savings Bank expanded impressively from such humble origins.

Although the source of this success can be accurately traced to the founder's vision, a crucial factor was the choice of agent who controlled the local branches. After all, the branches were established amongst the people and agents were appointed from amongst those who were recognised and well respected by the people. Moreover, the majority of actuaries and managers were from the beginning self-sacrificing, for in the early days there was little hope of a reward.²² The deposit accounts were so few in number that the commission allowed on them for the purposes of management expenses were often insufficient and workers were frequently out of pocket. The branch committee was also expected to pay for their first set of books and it was hoped that this money would be raised by donations to the institution. Furthermore, workers were usually already employed in full-time occupations, and therefore the work for the Bank was carried out in their 'leisure time'. They were also expected to attend their posts in all weathers, on pain of complaints to Head Office.²³

Work for the Bank in the early days entailed a degree of personal sacrifice not usually associated with branch managers in more conventional operations. This reflects the level of commitment to the principles under which it was founded, many sharing the founder's missionary zeal. One of the Actuaries wrote: 'The great object in commencing the preliminary institution was...to lessen the sum of human misery'²⁴. It was often the case that Managers and Actuaries knew the circumstance of their customers and could apply the *personal touch*. There were many church branches, and clergymen would often use the Bank, not only as an educational and philanthropic agency, 'but also as a means of bringing them into direct contact with their parishioners'²⁵. The phenomenal success of the early Bank was often attributed to the management and staff of the Bank. For example, a local newspaper reporting on the success of the Keighley branch said of Mr. C. W Tate, the Manager of the branch, that he was, 'a most courteous and attentive manager ... If the management of the Keighley branch may be taken as a criterion, there is little wonder at the remarkable progress of the undertaking'²⁶.

In the beginning, apart from the Central Office in Leeds, the premises used for the branches were not solely dedicated to the purpose of banking. In fact, most branches were open for business on only one evening per week, for one or two hours. Business would be conducted in any suitable premises, such as Mechanics Institutes, school rooms, church halls, reading rooms etc. On one occasion, due to lack of any other suitable premises, the central committee gave special permission for the Slaidburn branch to be conducted in the Hark-to-Bounty Inn.²⁷ The location of the branches was chosen to serve the early clientele of the Bank. The premises themselves were both familiar and convenient to the customers. In 1909, H.B Sellers wrote that these branches go out 'to meet the needs of the people and invites them to accept the

²¹ *Short "Centenary History" of the Yorkshire Penny Bank.*

²² *Memoranda From A Note Book*, p.25.

²³ *Ibid.*, p.25.

²⁴ *The Yorkshire Bank: A Narrative*, p.25.

²⁵ *Ibid.*, p.23.

²⁶ *Keighley Herald*, June 15th, 1894.

²⁷ *The Great Oak*, p.6.

advantages the Institution can offer them by bringing the Bank intimately into their social life, and even to their house doors'.²⁸ The number of part-time evening branches mushroomed and within a short period of time they covered the needs of virtually all isolated villages in the County. The number of these branches reached a peak of just over 850 in the 1890's.²⁹ The success of the Bank in reaching what would otherwise have been isolated communities was acknowledged by others in the banking community. By 1911, Farrow's Bank Ltd., based in Brighton, introduced a travelling bank that would call at seven or eight villages in Sussex per day. Like the Yorkshire Penny Bank, they hoped to reach the villages that did not possess banking facilities of their own.³⁰

While the geographical boundaries of the Bank were at first limited to the West Riding, by the end of 1860 the central committee had decided that the facilities should be extended to cover the whole of Yorkshire. As a consequence, in 1861 the name of the Bank changed to the Yorkshire Penny Savings Bank. By 1871, as a result of the Savings Bank Act of 1863, the Bank became known as the Yorkshire Penny Bank. Under its Articles, it was permissible for a branch to be opened within 10 miles of the County borders. This operational limitation was removed in the new Articles of Association, following the change in the ownership of the Bank in 1911 (to be assessed later). As a result, by 1924 there were branches dotted all over the County of Yorkshire and the adjoining Counties of Lancashire, Cheshire, Westmoreland, Durham, Notts., Derbyshire and Lincoln. The Yorkshire Penny Savings Bank had even opened an office in London, reflecting the need to form some kind of attachment to the country's banking centre.³¹

As the boundaries of the Bank expanded and the numbers of branches and customers increased, it became clear that the part time evening branches needed to be supplemented by dedicated daily branches. This resulted in the conversion of the head office at East Parade in Leeds into a bank branch, opening to the public during the day from 1865. A longer counter was installed in this branch and a few clerks were engaged on a permanent basis. This became the first branch to be based upon the conventional style of a banking office,³² opening every day between 10am and 3pm and on a Saturday evening between 6pm and 8pm. The proof of the demand for the facility was given by its popularity. After 5 years and 1 month, there had been 70,265 deposits totalling £86,183 15s. 9d. at the head office, as well as 17227 withdrawals amounting to £62,676 19s. By 31 December 1870, there were 2,715 open accounts with an aggregate balance standing to their credit of £24,867 2s. 2d.³³

Following the success of the daily branch in Leeds, other daily branches were to follow in areas where demand was high, such as Manchester Road, Bradford (opened in 1872), Halifax (1876) and Orchard Street, Sheffield (1878).³⁴ By 1898 there were 23 branches open every day, and 36 sub-branches that opened on occasional days. Daily branches were to have their own dedicated manager and were

²⁸ *Memoranda From A Notebook*, p.178.

²⁹ See *Short "Centenary History"*, and also *Yorkshire Pennant*, October 1978, Yorkshire Bank Archives.

³⁰ *Daily News*, January 29th, 1911.

³¹ *The Yorkshire Penny Bank Limited. A Prosperous And Progressive Institution For The Promotion Of Thrift. Vide Financial News*, A small booklet containing an extract from the *Financial News*, 13th March 1924. The article was entitled 'The Encouragement of Thrift. The Yorkshire Penny Bank and its Wonderful Record'.

³² *Short "Centenary History"*.

³³ *The Yorkshire Penny Bank: A Narrative*, pp23-24.

³⁴ *Short "Centenary History"*.

subject only to the control of head office. Sub-branches, on the other hand, were subordinate to the daily branches to which they were affiliated. By 1909, there were 49 daily branches and 58 sub-branches. Thirty of these newly opened branches had developed from evening branches ‘by the ordinary natural growth of the continually increasing requirements of business’, some of which were located in the new suburbs built outside the big towns and cities to accommodate the bourgeois classes.³⁵

The advent of daily and sub-branches did not usurp the work of the myriad number of evening branches, even though as early as the 1860s the central committee realised that the administration costs involved in running a large number of scattered branches were prohibitively high. These branches for many years continued to serve a vital role, especially in isolated villages. The number of evening branches reached a peak in 1894, when 955 were recorded. From then on the numbers of these branches experienced a *gradual* decline, although in 1920 there were still 687 village branches in operation, a number far exceeding the count of daily and sub branches.³⁶ While the evening branches were still in demand by the customers, they had long since proved themselves to be inefficient and costly to the Bank as a whole and many of these branches were run at a loss.

One newspaper report stated that the Yorkshire Penny Bank, run by ‘keen Yorkshiremen’, was a concern based on *trust*. To this end, the investments of the Bank were placed in gilt-edged securities only.³⁷ As we shall see later, at times these investments proved inadequate for the level of deposits taken in by the Bank. Nevertheless, management was always mindful to reassure customers of the Bank’s stability. The full accounts of the Bank, down to the branch level, were published annually. As a consequence, the Bank commanded a great deal of support and loyalty from the people of Yorkshire. It had so integrated itself with the public of the North that by 1909 it was regarded as a family concern for at least a fifth of the population of Yorkshire, and ‘for the whole of the community it [stood] as an honourable symbol, an epitome, of Yorkshire character’.³⁸ The branches of the Bank were an integral part of local communities. The branches would share in the *prosperity* and in the *decline* of communities, and would often offer help during trade slumps when unemployment was high and there would be little to separate families from starvation. In certain areas, the Bank organised free hot soup for needy depositors. For example, in 1870 Bradford experienced a severe trade slump and the Bank opened a hot soup centre for depositors in the Bradford Parish Church.³⁹

The Yorkshire Penny Bank was indeed part of a ‘virtuous circle’ of success. With the aid of dedicated management and workers, the Bank was able to reach out, by way of a comprehensive branch network, to the working classes of Yorkshire. The achievements of the Bank commanded great respect from across the country. In 1900 an article in the *Joint Stock Companies Journal* commented that, unlike other banks, the Yorkshire Penny Bank had experienced tremendous growth, not as the result of amalgamations and absorptions, but by a constant increase in the volume of business. The *Journal* attributed this to the able management of the Bank:

³⁵ *Memoranda From A Notebook*, .149..

³⁶ *Facilities For Thrift*, p.5, small booklet in Yorkshire bank Archives dated 1920.

³⁷ *Yorkshire Chat*, November 25th, 1899.

³⁸ *Ripon Observer*, December 9th 1909.

³⁹ *Short “Centenary History”*.

‘The Yorkshire Penny Bank stands out as a bright example of what can be done by energy and able management, and what a colossal institution can be built from a very small beginning.’⁴⁰

By 1905, the Yorkshire Penny Bank had challenged the myth that ‘penny banks do not pay’. The joint stock banks favoured the large customers, while the Yorkshire Penny Bank catered for the working classes. According to one report: ‘Many are the big joint-stock banks which regard the Yorkshire Penny Bank with envy.’⁴¹ A combination of Akroyd’s vision that the poorer classes of Yorkshire might materially benefit from the institution, alongside scrupulously fair policies and extensive branch networking, ensured that the Bank continued to expand up to the years immediately preceding the First World War. Given that the average amount of each deposit was only slightly in excess of £3, and the average sum due to each depositor was about £28, it would be fair to claim that ‘we think we may claim that we are reaching the class of people the bank was intended to reach’⁴².

Having noted how Akroyd’s vision was being fulfilled, it is also clear that the poorest workers were not the only customers of the Yorkshire Penny Bank. In 1909, H.B Sellers wrote that more carriages stood at the door of the Yorkshire Penny Bank than any other bank in Leeds. Many professional and businessmen kept their domestic accounts for their wives and daughters with the Bank. The facilities offered by the Bank were to reflect this. The Yorkshire Penny Bank was among the first banks to introduce late night opening for the benefit of customers, a facility that was later to become the hallmark of the Bank. A booklet in 1920 read: ‘For the convenience of depositors engaged in business during ordinary banking hours, special attendance is given one evening per week at all branches open daily.’⁴³ A further invaluable service was offered to customers when the Bank introduced the chequebook, in November 1872. The central committee felt that this would ‘dispel the common opinion that the Bank was intended for children and the poorer classes.’⁴⁴ It was also believed that a chequebook facility would be a source of revenue for the Bank, since small shopkeepers, tradesmen, clerks, warehousemen and artisans were rarely accorded these facilities by more conventional joint stock banks.

Indeed, the idea of providing a comprehensive banking system to the small tradesman was revolutionary in its day and highly successful. In the late-1860’s, the Bank had also introduced mortgages, publicising the innovation through the use of posters exhibited at branches announcing the Bank had money to lend of sums £50 upward on freehold and copyhold security.⁴⁵ Between 1874 and 1881 the Bank further widened their facilities by offering customers an Investment Account. The idea of an Investment Account, paying a higher rate of interest than an Ordinary Account, was first suggested at a meeting of guarantors and branch actuaries held at Halifax on 9 November 1869. The subject was raised again at a meeting of branch representatives held at Bradford on 7 October 1873. It was proposed that the general committee should have the power to open investment accounts for sums of not less than £50, to remain not less than three calendar months. Interest of three and one half per cent should be allowed per annum, subject to a notice of withdrawal of one calendar

⁴⁰ *The Joint Stock Companies Journal*, 21st March, 1900.

⁴¹ *Daily Report*, march 6th 1905.

⁴² *Memoranda From A Notebook*, p.90.

⁴³ *Facilities For Thrift*, p.11.

⁴⁴ *Memoranda From A Notebook*, pp, 41-42.

⁴⁵ *The Great Oak*, p156.

month. This resolution was confirmed at a meeting held on 13 January 1874 and it became part of the Articles of Association. All those with deposits in excess of £50 had their account converted into an investment account. By the end of 1877, there were 1,998 depositors on this account. Many of the old government savings' banks found it necessary to adopt a similar action to retain their depositors. However, the investment account was a victim of its own success, for the higher interest rate, together with the popularity of the account, was more than the Bank could afford, and the idea was abandoned on 31st December 1881⁴⁶.

For the poorer customers, the Bank represented a safe and convenient place to save money and the interest gained on deposits was incidental.⁴⁷ However, the custom of the monied classes *was* sensitive to the interest rates offered by the Bank. Because of the constitution of the Bank and its widespread operations, it was less easy to regulate the rate of interest as the money market fluctuated. By the 1890's, the running of the small evening branches was incurring a great deal of expense to the Bank. In 1895 it was therefore decided to lower the interest rate on all deposits from three per cent to two and three quarter per cent.⁴⁸ As a result, the published accounts for 1895 showed that the amount deposited that year was less than the amount received the previous year, to the extent of over £324,703. However, although the amount involved in each transaction was less, the *number* of transactions showed a material increase. Therefore, those who were in a position to do so, sought a higher return, but the Bank continued to attract the custom of those who deposited small sums.⁴⁹ Indeed, the Bank was so successful in commanding loyalty from this kind of customer that in 1905 *the Western Independent* commented that: 'In spite of bad trade, scarcity, unemployment and political unrest, Yorkshire Penny Bank continues to prosper'.⁵⁰

Writing in 1909, Sellers referred to the Yorkshire Penny Bank as a 'Peoples Bank'⁵¹. It was not a Commercial Bank, nor a Savings Bank; it was by constitution solely a Bank conducted for the advantage and convenience of the 'people'. The introduction of business, which was considered 'commercial', was discouraged in all branches. It was the policy of the Directors not to overlap into the larger remunerative sphere of commercial business. The Bank in general shunned any form of competition for customers. Indeed, one of the factors governing the expansion of the branch network was that a branch should not trespass upon the ground already covered by similar concerns. It was believed that 'hostile rivalry results in the lack of success to either party'.⁵²

In spite of this approach towards competition, by the early 1900's the Bank was encountering competition from the established commercial banking companies.⁵³ At this time, a scheme to graft a savings bank department on to ordinary business was being circulated to every commercial banker in the country. Some commercial banking companies began advertising in the windows of their offices and in local newspapers, to the effect that in the future they would be prepared to receive money on deposit accounts in sums of £1 upwards. Later, these banking companies opened

⁴⁶ *Memoranda From a Notebook*, Lecture II.

⁴⁷ *The Yorkshire Penny Bank: A Narrative*, p.32.

⁴⁸ *Reduction Of Interest Rates*, 30th October, 1894, small booklet in Yorkshire Bank Archives.

⁴⁹ *The Bullionist*, April 11th, 1896.

⁵⁰ *Western Independent*, March 26th, 1905.

⁵¹ *Memoranda From A Notebook*, p.179.

⁵² *Ibid.*, p.150.

⁵³ *Investors Review*, 11th March, 1905.

up a savings bank department by which they proposed to ‘gather up the savings of the people in any sums of not less than one shilling’.⁵⁴ However, the Yorkshire Penny Bank thought that the endeavour was sure to fail, given that on internal accounting conventions it was calculated that two-thirds of the work of the Yorkshire Penny Bank was unprofitable.⁵⁵ This situation was tolerated purely because the Yorkshire Penny Bank was not primarily a profit-making institution; it had no shareholders or partners constantly demanding returns on their investment. According to Sellers: ‘It has been done, is being done, and will be done, because the business of the Yorkshire Penny bank is philanthropy regulated on the lines of security. We ask for no more profit than will keep our doors open’.⁵⁶

3. Crisis and Change, 1911-1952.

By many criteria, the Yorkshire Penny Bank had certainly been successful, especially when one considers its highly localised origins. With 740,000 depositors and over £18 million on deposit, an extensive branch and sub-branch network, not to mention a trusted reputation amongst the Yorkshire public, Akroyd would have been proud of the way in which his successors had built on a vision based on assisting those who found it difficult to save for difficult times. However, while senior management had pursued this vision relentlessly, they had paid relatively little attention to accumulating adequate reserves or investments to cover the deposits. Indeed, by 1910 only £468,000 had been allocated to the reserve fund, leaving the Bank vulnerable to a large-scale run on its £18.5 million of deposits. An investigation by the Midland Bank actually revealed a deficiency of £600,000 in the reserve account, largely because of the depreciation in the value of its gilt-edged securities at that time, giving rise to many worries.⁵⁷ General concerns were also being expressed within the banking community about savings banks, especially as in 1911 two of these institutions (Charing Cross Bank and the Birkbeck Bank) collapsed.

The Yorkshire Penny Bank’s vulnerability had come to the attention of Sir Edward Holden, chairman of the Midland Bank, while assessing the prospects for further expansion of his business in the north of England. After extensive discussions between the Governor of the Bank of England, Lord Cunliffe, and Sir Edward Holden, a rescue package was formulated, involving eleven of the major commercial joint stock banks. This package involved the formation of a new limited company that would issue £1.5 million in paid-up capital and reserves, while cover of £900,000 was provided for depreciation. The Midland Bank was the major partner in this new venture, subscribing £375,000, while Barclays, Lloyds, the London Joint Stock Bank and the Union of London and Smiths Bank each invested £187,000 and others agreed to subscribe if necessary. Furthermore, Holden instructed his branch managers in Yorkshire to resist the temptation to undermine the Yorkshire Penny Bank, thereby guaranteeing its customer base during that difficult time. Further support was also forthcoming during the First World War, principally as a means of persuading the government to join the banks as guarantors of the Bank’s deposits. Only in 1922 was the government released from its pledge, by which time the Yorkshire Penny Bank

⁵⁴ *Memoranda*, p.157.

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*, p.38.

⁵⁷ This section is based on A.R. Holmes & E. Green, *Midland. 150 Years of Banking Business*, Batsford 1988, pp.143-7.

had recovered sufficiently to start boosting its investment portfolio and provide adequate cover for depositors.

Reviving the Bank in this way proved to be a highly rational strategy for the syndicate, given the appreciable improvement in performance recorded over the interwar years. One should emphasise how the nature of the Bank did not change, because in effect it continued to act as savings institution, rather than a fully-fledged commercial bank. At the same time, the headquarters was moved down to London, largely because the directors were appointees of the various owning banks and they were loathe to travel regularly up to Leeds in order to attend board meetings. Having noted this geographical switch, however, it is fair to note that the board offered largely benign supervision up to the 1980s, allowing what was always known as the general manager to develop strategy, along with his senior management team. This peculiar structure persisted for over seventy years, during which a considerable degree of continuity can be detected in the way the Yorkshire Penny Bank was run.

Although it would not have been difficult for senior management to sit back and rely largely on the more secure financial base to ensure survival, it is clear that over the interwar years they were responsible for some innovative improvements to the Bank's routines. For example, as a result of extensive investigations in both Britain and the USA, a new card index system was introduced during the late-1920s. Previously, all banks used heavy ledgers in which were entered the accounts of thousands of customers. The system pioneered by the Bank during the late-1920's would eradicate the need for ledgers, leading to its adoption in every branch over the course of the 1930's. This system was simple, because the account of each depositor was entered onto a card, which in turn was placed in an upright position in an ingenious filing cabinet. The cards were held in trays, each tray holding thousands of cards. Different trays were used for different types of accounts. This system was not in use in any other bank, leading the Yorkshire Penny Bank to claim that it was 'to be one of the most up to date organisations in its office methods in the country'.⁵⁸

During the inter war years, while the Bank was experiencing a great deal of *internal* change with regard to working conditions, the same can be said for *external* considerations. At this time, the Yorkshire Penny Bank began to devote a great deal of time to aspects of marketing. As the branch was the first point of contact with the Bank for the majority of customers, great care and attention was directed towards architecture and layout. During the 1930's, the Architects Department of the Yorkshire Penny Bank received wide acclaim.⁵⁹ An article in *Staff Notes* read: 'Modern conditions and standards call for a different type of building for the conduct of banking business ... our Architects Department have designed buildings which are intended to break down old traditions and conform to many of the more modern tendencies of architecture'.⁶⁰ Indeed, more consideration was devoted to matters such as the positioning and spacing of entrance doors, public spaces, counters and desks. Brick buildings with stone dressings were to provide the external design for the new branches. Such a design was used for the new Headingley branch.⁶¹

At that root of the change in design and layout of the branches was the consideration that the Bank should continue to attract customers. It was believed that

⁵⁸ Ibid.

⁵⁹ *The Banker*, August 1938, article by Professor C.H Reilly, complementing the Yorkshire Penny Bank on the architecture of the new branches.

⁶⁰ *Staff Notes*, October 1938, p.19.

⁶¹ *Staff Notes*, March 1943, pp29-30.

there was too much 'stiffness and false dignity' in bank's.⁶² A booklet produced by Head Office and circulated to all staff read 'IF YOU PLEASE YOUR CUSTOMERS YOUR BUSINESS IS BOUND TO GROW'. It was acknowledged that the Bank had to advertise, that it had no monopoly of goods and services and that every customer was free to go elsewhere. It was believed that the Bank of the future had to be 'humanised', and must display the following qualities to survive:

'It must be a social place.
It must be full of hospitality.
Your cashier must look pleased when a customer comes in.
The vital point IS THE TREATMENT OF CUSTOMERS'.⁶³

Such sentiments continue to be the main consideration of the Yorkshire Bank today.

It was also acknowledged that the survival of the Yorkshire Penny Bank was dependent upon the provision of financial services demanded by its particular group of customers. The Bank held the view that these services should remain simple. By the 1920's, facilities offered by the Bank were to include current accounts, chequebooks and overdrafts granted on approval. In 1923, a daily branch of the Bank was opened in Kings Street, London, and stock and share and foreign departments were transferred there. In 1930, due to lack of space, the London office moved to Farleigh House, 97-99 Cheapside, London. In the 1930s, arrangements were made for customers to draw money in London and traveller's cheques could now be cashed at banks abroad. For the convenience of business customers, the Bank had also installed night safes at certain branches to enable traders and others to deposit their takings both day and night. Indeed, 'Security and Service' was reported to be the motto of the Yorkshire Penny Bank in the late-1920s.⁶⁴ Executor and Trustee business was started in 1926, and by June 1932 15,000 customers had appointed the Bank as executor.

In the 1920's, the Bank continued to provide a service to working class clubs and societies. Holiday, Savings and Christmas Clubs were provided with special Club Cards free of charge. Housekeeping Accounts were also a special feature⁶⁵. In 1928, the Yorkshire Penny Bank, in conjunction with the L.N.E.R, devised a scheme whereby holidaymakers in North East England could pay into a holiday fund weekly. The Bank would take care of the money and provide interest, and in turn the railway company granted a 5% discount on railway tickets. A spokesman for the Bank said the scheme, 'showed that the railway company and the banking company, both old institutions, were alive to the requirements of the age'⁶⁶. Railway Travel Departments were opened up in certain branches and advertisements concerning the scheme were posted throughout the branch. This liaison between two seemingly independent and unconnected businesses was an important development for the Yorkshire Penny Bank. Indeed, it was 'an epoch making event in the history of the railway world and the banking world', and the Yorkshire Penny Bank led the way⁶⁷.

Of course, while the Yorkshire Penny Bank underwent tremendous change in twentieth century, some branches retained what can only be described as a

⁶² *The Yorkshire Penny Bank Ltd., Staff Committee, To the Members of Staff* (a booklet produced by Head Office, Leeds, November, 1924), Yorkshire bank Archives.

⁶³ *Ibid.*

⁶⁴ *Beverley Guardian*, November 15th, 1930.

⁶⁵ *Facilities For Thrift*, p.11.

⁶⁶ *Hull Times*, November 3rd, 1928.

⁶⁷ *Ibid.*

'Dickensian aspect'. Before the advent of computers, much of the work in the branches was of a laborious nature, yet certain procedural changes introduced by the Bank were to ease this burden considerably. For example, at the turn of the twentieth century, communication between branches was a problem. Every transaction between branches could only be carried out by forwarding a 'Letter of Request' upon the general treasurer to the Head Office. This made every interchange of operations between individual daily or sub branches problematic. Indeed, 'the Branches might have been situated in different countries'.⁶⁸ Cash could not be transferred from Head Office to a branch, or from one branch to another, without involving either the general manager or one of the district treasurers. As the general manager, H.B.Sellers, believed that the Bank was hampered by old methods and old-style book-keeping, he moved to effect the prompt clearing and exchange of cheques.⁶⁹ As the volume of business in the Bank grew, these problems were to intensify. However, they were relieved in 1908 by the introduction of the *Voucher System*. This new system brought branches into communication and correspondence with Head Office and amongst themselves, and it also brought the branches into direct contact with the Clearing Agents. Now the branches were 'interwoven into an intercommunicating and cohesive whole'.⁷⁰

These innovations demonstrate that while up to 1911 the senior management had been lax in providing adequate cover for their growing deposits, they continued to experiment with means of improving the service offered to customers. The board of directors, composed of representatives of those banks that had invested in the newly-floated joint stock company in 1911, rarely bothered to interfere in day-to-day management, preferring to focus more on general liquidity issues. Given the intense merger activity in clearing banking between the 1890s and 1930s, one might regard this as unusual, especially as acquiring the Yorkshire Penny Bank would have provided any of its much larger commercial counterparts with a significant number of personal customer. At the same time, given the typically small nature of all of the Bank's accounts, the syndicate preferred to leave its management alone and sustain the semi-independent stance fashioned in 1911.

In the immediate post-1945 years, however, the board was obliged to pay much closer attention to the Yorkshire Penny Bank's affairs. In the first place, just as in 1910-11, the Bank's gilt-edged securities depreciated significantly in value, causing ripples of concern within the syndicate. In 1951, management was even obliged to ask the syndicate for £1 million to cover this depreciation. At the same time, senior management at the Yorkshire Penny Bank's largest owner, the Midland Bank, were considering a more independent approach towards its business. Indeed, after 1945 the Midland Bank pursued an isolationist strategy, eschewing all entreaties to participate in any co-operative ventures. Consequently, when the Yorkshire Penny Bank asked for more capital in 1951, the Midland Bank refused to subscribe, insisting instead on a full-scale investigation into the operation's activities. This resulted in a radical shift in the Yorkshire Penny Bank's orientation, because while the other members of the syndicate agreed to invest up to £1 million in new equity, because the Midland Bank sold its share a reassessment of strategy was initiated.⁷¹ After all, not only had the Midland Bank been responsible for its salvation in 1911, arranging the syndicate and persuading the government to support the venture during the First World War, Sir

⁶⁸ *Memoranda*, p.163.

⁶⁹ *Ibid.*, p.164.

⁷⁰ *Ibid.*, p.165.

⁷¹ Holmes & Green, *The Midland Bank*, p.218.

Edward Holden had also insisted that his branch managers operating in the north of England should not undermine the Yorkshire Penny Bank's market position.

1951 consequently marks a decisive watershed in the Bank's evolution. Having operated exclusively as a savings banks since its creation in 1859, management from 1951 was moving into a more complete range of commercial and banking services, principally as a result of the withdrawal of its principal supporter. Of course, management was convinced that they possessed both the branch network and banking expertise to make this move, having successfully developed a solid reputation amongst its essentially Yorkshire clientele. It was also a well-timed move, because in the increasingly affluent post-war decades a booming market existed for banking services, providing a conducive environment in which to test out the new approach. *The Bankers' Magazine* was confident that the Bank was sufficiently well-managed to cope, noting that while in the past 200 years approximately 150 banks had been founded in Yorkshire, 'but out of this great number one only, the Yorkshire Penny Bank, [had] survived as a separate entity ... To reach a century in such solitary grandeur is in itself something to boast about'.⁷² It was management's task to ensure that this reputation was converted into real commercial success.

4. Expansion and Profitability since the 1950s.

Having noted how the 1951 crisis acted as a watershed in the Yorkshire Penny Bank's evolution, one must be careful not to minimise how senior management built on its past as a savings banks to sustain what up to the 1990s was a consistent record of expansion and improved profitability. As Graham Sunderland (general manager in the 1980s) explained: 'In the tradition of a savings bank our business is highly personalised ... The Bank intends to continue its appeal to the personal customer and the small businessman by remaining mainline.'⁷³ It is a statement of strategy that could have been made in the 1940s, rather than the 1980s, reflecting the considerable degree of continuity in the way senior management channelled the Bank's resources. In 1968, the general manager of the Bank, Cedric Muxlow, was asked in a radio interview whether the small customer was still important to the Bank. Mr Muxlow replied: "He matters very much indeed – in fact it is the small customer which has built up our Bank and I am quite sure that it is on the small customer's business that our future depends".⁷⁴ Even though in 1959, ironically when the Centenary was being celebrated, the word 'Penny' was dropped and the Bank became known as Yorkshire Bank Ltd., the strategy remained remarkably consistent.

As after 1951 the institution was technically no longer a savings bank, this is perhaps not the place to analyse how the Yorkshire Bank has evolved. On the other hand, it is illuminating to assess how management sustained the Bank's image as a local service that existed for its own community, gaining customer loyalty by providing a simple, friendly and efficient service. One should also note that Yorkshire and Humberside provided a sound base for these operations. Of course, one must be wary of stereotypical images, but it is true to note that people in this area are well-known for their thrifty character. Statistically, it is also true to record that while accounting for just eight per cent of the UK population, in the period 1975-86 the region contributed sixteen per cent of the economy's savings. Furthermore, over the same period while wealth per head fell slightly against the UK average, savings per

⁷² *Bankers' Magazine*, January-June, 1950.

⁷³ *Bankers' Magazine* August 1981.

⁷⁴ Interview with Mr. E.C Muxlow, Radio Leeds, 23rd October 1968.

head rose from two to eighty-eight per cent above the UK average.⁷⁵ By the mid-1970s, the Yorkshire Bank was sporting the slogan *Friendliness. We Built a Bank On It*, another indication of how its traditional image was exploited as a means of extending local market share. In 1969, once Cedric Muxlow, general manager since the early-1950s, had retired, a decision was made to relocate the head office out of London and rekindle the links with its original base in Leeds. This proved to be a crucial move, because the Bank was able to trade effectively on its eponymous image as a regional bank. In fact, by 1989, although the Yorkshire Bank had only four per cent of the national market for personal and current accounts, in Yorkshire and Humberside it was the market leader with over twenty-five per cent.⁷⁶ Management was consequently well-advised to sustain the traditional relationship with the people of Yorkshire, a strategy on which they worked hard over the post-1945 years.

One aspect of this strategy was the Bank's approach to small business, because it is clear that it had always taken the view that this element within the local community requires continuity in its financial dealings. For this reason, in 1988 Graham Sunderland (general manager) commented that: 'We want our branch managers to have all the contact they can with business customers...When we have businessmen in here at head office to talk with them over lunch, we would always make sure their branch manager is [there] too'.⁷⁷ Indeed, the local branch manager was of vital importance with regard to fostering relationships within the business community. The branch manager and their assistants were the main contacts between the Bank and local enterprise. Moreover, the professional practices of accountants, solicitors, estate agents and insurance brokers were also an important part of the business community, 'and the relationships developed over the years between the Bank's local managers and their counterparts in the professions are highly valued'.⁷⁸ In the 1980s, the Yorkshire Bank cited as one of its major objectives the desire 'to preserve and extend its appeal to local enterprise in business and the professions'.⁷⁹

The importance of small firms and the provision of adequate finance were realised by the Government in the early-1980s. After all, between 90-95% of all firms in the UK appeared to meet the Bolton and Wilson definition of a small firm. Moreover, virtually all these small firms operated bank accounts. Indeed, banks were for many the only point of contact the small firms had with the financial system. Consequently, when in April 1981 the government announced the introduction of the Small Firms Loan Guarantee Scheme, which was formally launched in June 1981, the Yorkshire Bank seized on this as an opportunity to extend its services in this market. In fact, the initial scheme involved only the major clearing banks. However, by August 1981 the Yorkshire Bank had been included.

From the late-1950s, the Bank was constantly widening the scope of its commercial activities, forming several subsidiary companies for this purpose. In 1959, Northern General and Finance Limited was founded. It became a wholly owned subsidiary of Yorkshire Bank in 1964, offering hire purchase and credit facilities based upon connections with the motor trade and with commercial and industrial undertakings. In 1972, the name was changed to Yorkshire Bank Finance Ltd. By 1972, the company was growing rapidly and outstanding loans by that time exceeded

⁷⁵ *Financial Times*, 7 December 1988.

⁷⁶ *Annual Review*, 1989.

⁷⁷ *Financial Times*, 7th December 1988.

⁷⁸ *Annual Review*, 1980.

⁷⁹ Press Release, 24 November 1982.

£9 million.⁸⁰ By 1974, branches had opened in Nottingham, Bradford, Hull, Manchester, Leeds, Northampton, Wolverhampton and Newcastle-Upon-Tyne.⁸¹

In January 1975, Yorkshire Bank Leasing Ltd. commenced trading. At this time, leasing was used by many businesses as a means of supplementing their finances.⁸² In July 1976, the Bank also invested £250,000 in Arbuthnot Factors Limited, further enhancing the services offered to business customers. This gave the Bank a one-third stake in a growing financial service and meant that the Bank could now assist those customers requiring the financial help and sales ledger control that debt factoring and invoice discounting could provide.⁸³ In 1981, Yorkshire Bank acquired a 60% holding in North British Finance Group Limited. This was the new holding company for three trading companies (Northern British Credit Ltd., Northern British Motor Finance Ltd., and Northern British Leasing Ltd.). North British Credit Ltd. was a Hull-based finance company that operated nationwide. It specialised in in-store budget credit cards and hire purchase facilities, with firms like Comet, MFI and Argos amongst its principle customers. Northern British Motor Finance Ltd. provided motor-car hire purchase, while North British Leasing Ltd. specialised in small unit leasing.⁸⁴ By 1988, when the Bank acquired the remaining 40% from minority shareholders, the acquisition had served to strengthen Yorkshire Bank's involvement with point-of-sale credit.⁸⁵ This involvement was consolidated in 1989, when Yorkshire Bank Retail Services Ltd. (the Hull-based credit card subsidiary of Yorkshire Bank Plc) purchased Storecard Ltd., the in-house credit card business of the Storehouse retailing group. By October 1989, Storecard had over 400,000 active cardholders and its cards were accepted in all Storehouse Group retail outlets including BHS, Habitat, Mothercare, Richards, Heals and the Conran Shop.⁸⁶

In 1987, the Yorkshire Bank purchased a controlling interest in Eden Vehicle Rental Limited of Carlisle, from County garage Co. Ltd. This company had a substantial and rapidly growing fleet of hired vehicles. It was reported that the 'acquisition fits well into Yorkshire Bank group strategy of building a Financial Services business in growth markets, where its capital strength and liquidity enables it to compete profitably'.⁸⁷ In 1989, Yorkshire Bank Plc launched Yorkshire Bank Development Capital (YBDC). As well as financing MBO's and MBI's, YBDC was actively seeking the traditional development of capital investments both through subscription and the purchase of shares in companies with proven management and growth prospects. Only two months after the launch of YBDC, the company had structured and arranged the syndication of the MBO of Jarvis Porter's flexible packaging business. It was thought that: 'The ability to provide both equity and debt, together with the fact that all decisions were taken in Leeds, have been important factors in allowing YBDC to win this deal'.⁸⁸ On 27 November 1989, YBDC and County Nat West Ventures Limited announced the MBI of Educational and Scientific Furniture Limited. Both provided the equity and mezzanine finance and they also arranged the senior debt facilities through the TSB Scotland.⁸⁹

⁸⁰ Press Release, 12th December, 1972.

⁸¹ *Annual Review*, 1979.

⁸² *Ibid.* 1975.

⁸³ *Annual Review*, 1976.

⁸⁴ Press Release, 19th August, 1981.

⁸⁵ Press Release, 31st October, 1988.

⁸⁶ *Ibid.*, 26th October, 1989.

⁸⁷ *Ibid.*, October 12th, 1987.

⁸⁸ *Ibid.*, 3rd July, 1989.

⁸⁹ *Ibid.*, 27th November, 1989.

At the same time, it was the individual customer that provided the bulk of the Bank's custom throughout the late-twentieth century, just as this person had done since 1859. In this context, it is interesting to see how a whole host of banking innovations were pioneered by the Yorkshire Bank. For example, in 1958, Personal Instalment Loans were introduced, facilitating the extension of credit to customers who might not have been able to secure sufficient liquidity from the larger banks.⁹⁰ Free banking also became one of the chief competitive advantages the Yorkshire Bank gained over its rivals, a service extended further in the mid-1970s.⁹¹ In September 1981, Yorkshire Bank consolidated their advantage in free banking by abolishing the minimum qualifying balance of £50 and replacing it with the condition that all customers who kept their account in credit for a full quarterly period would never incur any bank charges. This initiative was tremendously successful, because it resulted in over 133,000 new personal current accounts being opened during the year, an increase of over 48% compared with the previous twelve months.⁹² In the five-year period 1981-1985, the Bank had increased its national market share of personal current accounts by 64%.⁹³ The height of the free banking era occurred in 1984, when a record number of 218,000 personal accounts were opened at the Bank.⁹⁴ By this time, the Bank had increased its national market share of current accounts to 3.8%, and in Yorkshire and Humberside the market share stood at an impressive 27.4%.⁹⁵ By 1988, the Bank opened its one-millionth personal current account – a significant milestone for what was still essentially a regional operation.⁹⁶

In keeping with other banks, during the early-1970s the Yorkshire Bank experienced a tremendous growth in lending. This coincided with the liberation of lending ceilings, which had been in effect from the mid-1960s. As a consequence, national bank-lending rose by 33% in 1973 alone.⁹⁷ By the end of June 1973, total advances to the customers of the Yorkshire Bank exceeded £100 million for the first time. This increase in lending was matched by growth in balances of current, deposit and other accounts, which rose by over £35 million to £215,277,321.⁹⁸ During this time the Yorkshire Bank introduced Personal Credit Centres, similar to the 'Money Shops' opened by other financial institutions. The prime purpose of these outlets was to make customer credit available from centres that were 'designed and staffed in such a way as to encourage those without banking accounts to call in and discuss their financial needs'.⁹⁹ The Personal Credit Centres were very different in layout from the ordinary branches of the Bank. There were no counters and customers and staff would discuss business whilst sat at small tables arranged in an open-plan, carpeted area. Tasteful background music would 'assist privacy and create a friendly informal environment'.¹⁰⁰

Although in 1950 the Yorkshire Penny Bank was still essentially a Yorkshire bank, with 75% of the branches located within that large county, over the course of the following thirty years the network was extended considerably to take in a

⁹⁰ *Yorkshire Post*, 6 November 1980.

⁹¹ *Annual Review*, 1976.

⁹² *Ibid.*, 1982.

⁹³ *Ibid.*, 10th September, 1992.

⁹⁴ *Annual Review*, 1984.

⁹⁵ *Ibid.*

⁹⁶ *Ibid.*, 1988.

⁹⁷ N.H. Dimsdale, *The British Economy Since 1945*, pp.89-140.

⁹⁸ *Annual Review*, 1973.

⁹⁹ Press Release, 30th August, 1973.

¹⁰⁰ *Ibid.*

significant number of neighbouring regions. The principal reason behind this strategy was a desire to extend the Bank's competitive advantage in 'blue-collar banking' into regions that had little of this available. Furthermore, as Yorkshire and Humberside were reaching saturation point in this respect, especially after the introduction of computerised pay-packets in the 1970s, it was necessary to look outside their home territory if the Bank was going to continue to expand. Surprisingly, though, while the evening branches persisted well into the post-1945 era, their number was quickly diminishing and the majority were closed by 1970. Indeed, in relation to the branch network, the Bank had reached a new era. Expansion of the daily branches was planned to be three-pronged – to the east, west and the south midlands – with the number rising from 156 in 1963 to 189 by 1977. For example, in 1977, branches were opened for the first time in Northampton, Nuneaton, St. Helens and Wigan,¹⁰¹ while a year later Altrincham, Leigh and Newcastle were included.¹⁰² At the same time, the total assets of the Bank increased from £122 million to over £400 million, lending to customers had increased from £28 million to £240 million, and the number of staff employed had increased from 1,300 to over 3,000.¹⁰³ This expansion process was further boosted in 1978, when the board published a plan to open eight new branches per year in an effort to 'march southwards'. While large cities were avoided, target locations included towns with populations of over 40,000, while by the late-1980s smaller towns were being considered.¹⁰⁴

By 1980, the Bank had 198 branches that each provided a comprehensive range of facilities designed to meet the needs of over one and a half million personal and business customers. Referring to Edward Akroyd, the *Annual Review* of 1980 stated: 'Even a man of his vision could hardly have foreseen his brainchild developing into the Yorkshire Bank as it is today'.¹⁰⁵ Expansion was set to continue, and by 1990 the Bank had 255 branches. The continued growth of the branch network throughout the 1980s bears testimony to the success of the Yorkshire Bank, especially as during the recession-hit early-1980s the larger banks had adopted a policy of containing branch network expansion. By 1991, the branches of the Yorkshire Bank were well consolidated between the Humber and the Tees and the expansion was set to continue to include the South East.¹⁰⁶ Plans had also been formulated to increase the number of branches from 255 to 400.¹⁰⁷

Naturally, such an expansion could not have been achieved without some organisational change. In 1978, as the activity in branches continued to grow, the number of operating regions was increased from three to four. Although all four regions were based in Leeds, the communications network was such that the regional offices could 'maintain control and personal contact with the staff and customers at branches within their areas'.¹⁰⁸ In 1972, the registered Head Office of the Bank moved from London to Infirmary Street, Leeds, on the grounds that the group general manager, Graham Sunderland, believed Leeds to be the 'natural centre of the branch network'.¹⁰⁹ As the facilities available at the branches grew, branch managers could now call upon the expertise of senior management and the support of specialist

¹⁰¹ *Annual Review*, 1977.

¹⁰² *Ibid.*, 1978.

¹⁰³ Yorkshire Bank Press Release, 31 October 1977.

¹⁰⁴ *Banking World*, 'David Knight – Yorkshire Bank's New Champion', October 1992, pp8-11.

¹⁰⁵ *Annual Review*, 1980.

¹⁰⁶ *Sheffield Telegraph*, 29th November, 1991.

¹⁰⁷ *Evening Courier*, 19th November, 1992.

¹⁰⁸ *Annual Review*, 1982.

¹⁰⁹ *Intercity*, October 1988.

functions at the Leeds Head Office.¹¹⁰ Technological initiatives were also adopted at the branch level to relieve the substantially increased volume of transactions, in particular the introduction of computerisation in 1968, when a Burroughs B3500 was installed in a purpose-built centre at Chapel Allerton, Leeds.

By 1972, branches were able to pass information direct to the computer via Post Office lines using TC500 terminals. These terminals were mini computers, which enabled branches to obtain information from computer records, in order to answer queries from customers. In 1972, a second more powerful Burroughs B4700 computer was installed – it was to be the first of its type in Europe. By 1975, all interest bearing accounts at branches had been transferred to the computer, as had the payment of staff salaries. As time progressed, new and more powerful terminal units were added to the branch communication network, together with visual display units. In 1977, the B4840 that worked in harness with the Burroughs B4700, was purchased by the Bank to replace the B3500 delivered in 1968. By this time, the Bank maintained an on-line service to all its 190 branches, while computer statements were sent to customers periodically, giving details of their accounts.¹¹¹ However, it was felt that the installation of computers should not replace the ‘personal touch’, resulting in the retention of the passbook for interest-bearing accounts.¹¹²

There is no doubt that the Yorkshire Bank continued to be highly successful in attracting the small customer and retaining their loyalty. As the Lord Mayor of Leeds said when opening the new computer centre, the Bank was ‘known as the place where every customer’s business was made to appear to him as very important to the Bank’.¹¹³ The Yorkshire Bank wished to cultivate the image of being open and friendly. To facilitate this, certain branches were involved in ‘Open Weeks’, whereby visitors to the branch, customers and non-customers alike, were invited for a cup of coffee and an informal chat with the branch manager or a senior member of staff. Several advertising displays regarding the Bank’s services were also on show in the branches. This initiative was highly successful in attracting the unbanked. In July 1975, over 2000 shoppers attended the open week at the branch at Mexborough, and according to one newspaper report ‘some of them opened accounts after tasting the tea and coffee laid on during the special open week’. Indeed, this type of public relations venture was the first of its kind to be launched by the Bank. The main aim of the venture was to attract the unbanked and, “break down the air of mystery that surrounds a bank for many people”¹¹⁴. The *Shropshire Star* noted that: ‘Even banks in this age of inflation realise that it pays to advertise’.¹¹⁵

In the mid 1970s, the Yorkshire Bank entered into vigorous competition with other banks, with regard to ‘pay direct’. This involved employers paying staff by direct credit transfer rather than by cash. Many employers were encouraging their workforce to have their wages paid direct to a bank, on the grounds that this would lead to a reduction in administration costs and the elimination of security risks. Fortunately for the Yorkshire Bank, the pioneer of this form of payment was ICI, whose two largest plants were within the main operating area of the Bank on Teeside. It became the policy of Yorkshire Bank to court such custom. According to Graham Sunderland: ‘We were deliberately going out for market share of salaries and wages

¹¹⁰ *Annual Review*, 1982.

¹¹¹ Yorkshire Bank Press Release, 28th November, 1977.

¹¹² *Annual Review*, 1978.

¹¹³ *Ibid.*

¹¹⁴ *Annual Review*, 1975.

¹¹⁵ *Shropshire Star*, 18th July, 1975.

direct when other were a bit snooty about it'.¹¹⁶ Indeed, the other banks were trying to insist that workers should accept monthly payments instead of weekly payments.

Yorkshire Bank were more than happy to provide pay direct facilities for the weekly paid. Moreover, the Bank sent teams of representatives into factories and workshops giving talks on banking. In 1975, the National Coal Board asked for the help of all banks in their campaign to encourage weekly staff to have their wages paid direct into a bank account, and 'in common with our competitors, we co-operated willingly with the Coal Board'. Yet the Yorkshire Bank went further. For example, the Manager of Westgate branch, along with his staff, visited a number of collieries at 5.00 in the morning to meet the miners after their night shift and explain the benefits of opening a bank account with the Yorkshire Bank.¹¹⁷ The Bank was also actively working with employers by providing literature on the subject, designing schemes suitable to each employer and discussing any problems with the workforce and unions.

In a short period of time, the Yorkshire Bank gained a definite advantage in pay direct schemes. By 1981 the Yorkshire Bank had attracted large numbers of employers such as British Steel, The National Coal Board, ICI and several local authorities. Moreover, small local firms were not neglected and branch managers were on hand to provide assistance to any employer wishing to introduce a pay direct scheme. Branch staff worked hard on the promotion of the scheme and their efforts were supplemented by a full time marketing liaison team working from Head Office. The Team would visit employers throughout the Bank's branch network and provide advice and practical assistance to employers. They would also give talks to employees and union officials and produced a film *Save a Packet*.¹¹⁸ As a consequence of these activities, close relationships were fostered between the Bank and major employers. In 1982, the Bank ventured into on-site banking with British Steel. A large proportion of the corporation's workforce were customers of the Bank. Following an approach by the Corporation, the Bank agreed to open three on-site branches situated in the Teeside complex.¹¹⁹

In 1971, the Yorkshire Bank became the *first* English bank to introduce *Home Owners' Loans*. Furthering this interest, in 1982 a pioneering £4 million scheme was launched by Leeds City Council and the Yorkshire Bank, whereby mortgage funds were made available for people to buy older, lower-priced homes valued at no more than £8,500.¹²⁰ By the 1990s, the Bank was successfully selling mortgages, and in keeping with the Bank's 'keep it simple' philosophy the mortgage rate was straightforward and easy to understand. Moreover, unlike other banks, the Yorkshire Bank did not charge a fee when the mortgage was paid up early.¹²¹ In 1992, the Yorkshire Bank introduced the Yorkshire Bank Personal Loan for home improvements. As the loans were unsecured, no legal or arrangement fees were involved. Again, no charge was made for early repayment.¹²² In 1994, a Flexible Payment Mortgage was launched. This was a new type of mortgage that was unique to the UK market, providing a capital repayment mortgage with a variable interest rate. The interest was calculated on a daily basis, and every payment made would

¹¹⁶ *Intercity*, October, 1988.

¹¹⁷ *Annual Review*, 1975.

¹¹⁸ *Annual Review*, 1987.

¹¹⁹ *Annual Review*, 1982.

¹²⁰ Press Release, October 7th 1982.

¹²¹ *Ibid*, 22nd February, 1993.

¹²² *Ibid*, 15th June, 1992.

include some capital repayment as well as interest. This method differed from other lenders, who would calculate the mortgage interest rate at the start of the year, using the balance owed at that date.¹²³

Following financial deregulation in the 1980's, as well as mortgages, the Bank became involved in offering other financial services. In 1986, two competitive PEPS were introduced, *The Managed Scheme* and the *Customer Choice Scheme*, and a TESSA was introduced in 1991. On 1 July 1989, Yorkshire Bank Insurance Services Limited was established, offering an independent insurance brokering service.¹²⁴ It also dealt with pensions and other insurance business. By the early 1990s, while most high street banks and building societies were tied agents and could sell the products of only one company, the Yorkshire Bank remained independent.¹²⁵ In 1988, the Bank launched its own Visa card. The interest rate at the time of launching the service was 1.65% per month (APR 21.7%), undercutting the rates offered by any other high street bank.¹²⁶

While the Yorkshire Bank had become more commercial and competitive in the post-World War II years, it still remained a 'community' bank. An illuminating way of illustrating this dimension of the Bank's work is to demonstrate how the fortunes of certain branches were often entwined with the fortunes of whole communities and even industries. As we have already seen, such close relationships with certain industries was to place the Yorkshire Bank at a competitive advantage in terms of pay direct and other employer-related schemes. Moreover, a stronghold in certain communities was to encourage customer loyalty. Yet, these close relationships of dependence were to place some branches at a disadvantage in a trade downturn or industrial relations dispute. For example, during the long-drawn-out and bitter coalminers' strike of 1984-85, the *Leeds Mercury* reported that over £170,000 was withdrawn in small sums from local branches to relieve sufferers of the strike. The managers of the branches reported on whole rows of cottages in different mining districts that were 'almost entirely dependent for their daily supplies of food during the time of the distress upon their savings in the bank'.¹²⁷ A year later, the problems were exacerbated, since miners were not simply drawing off their savings to survive, but they were in default with regard to payments on loans. In some areas two in every five miners had accounts with the Yorkshire Bank. Indeed, over 16,000 customers of the Bank were miners, while 11,500 had loans from the Bank totalling approximately £10.5 million.¹²⁸ These were typically instalment loans that were repayable over several years. Nevertheless, as the strike persisted the Yorkshire Bank agreed to 'freeze' interest payments on all loans. The Bank was later criticised for not being tougher on miners who could not keep up their repayments. Graham Sunderland, the general manager of the Bank, defended the Bank's position by arguing that: 'We did not only do the just thing, but the commercially correct thing'.¹²⁹ The Bank estimated that the strike had cost them £2,500,000 in lost business. Yet, loyalty to the customers was to be rewarded, since after the strike of the 11,500 miners who were in default, only 69 had not resumed normal repayments.¹³⁰ Even so, Graham Sunderland

¹²³ Yorkshire Bank's own promotional history (courtesy of the Marketing section)

¹²⁴ *Money Marketing*, 11th May, 1989.

¹²⁵ *Daily Mail*, January 29th, 1992.

¹²⁶ Press Release, 31st May, 1988.

¹²⁷ *Leeds Mercury*, August 17th, 1894.

¹²⁸ *Investors Chronicle*, p.22, vol. 74/937, 1-7th November, 1985.

¹²⁹ *Daily Mirror*, February 20th, 1985.

¹³⁰ *Investors Chronicle*, as above.

admitted that certain branches were badly affected by the demise of the coal industry. In 1985 he reported that ‘we’re still feeling it’s effect in a place like Barnsley, which used to be booming – but now the growth is gone and the economy is stagnant’.¹³¹

5. Yorkshire Bank and the Multinational.

It is clear that in sustaining the Yorkshire Penny Bank’s competitive advantage in securing the savings of the blue-collar worker and diversifying into the small business community, since the 1950s senior management has succeeded in building a highly effective firm capable of competing with much larger commercial banks in its home territory. Furthermore, by extending the branch network into regions that lacked such an institution, further growth has been secured in terms of personal accounts and profitability. Indeed, by 1990 profits had trebled over the previous six trading years, reaching £100.4 million on total assets of £3.2 billion. This growth was also achieved at a time when many high street banks were labouring under massive bad debts from incautious lending in the third world. As the Yorkshire Bank had made no foreign loans, they avoided what had become by the late-1980s a major problem for the big clearing institutions. As Graham Sunderland noted: ‘By staying close to home and sticking to the market it knew best – personal accounts – the Yorkshire Bank out-performed the Big Five’.¹³²

Given the Yorkshire Bank’s impressive performance in the 1980s, alongside the problems experienced by its owners (the big clearing banks), it may seem surprising that by 1989 there were moves afoot to place it on the market. By 1989, for example, the Yorkshire Bank’s return on equity was 23.3%, compared to an average for the Big Four clearing banks of 18.8%.¹³³ By that time, NatWest owned 40% of the equity, Barclays 32%, Lloyds Bank 20% and the Royal Bank of Scotland 8%. At the same time, the government was trying to encourage more competition in the financial services sector, making a purchase by one of the owners extremely unlikely. Furthermore, as the big clearing banks were at that time looking to extend their client base, it was clear that allowing the Yorkshire Bank to operate free of competition was no longer commercially sustainable. In fact, the Yorkshire Bank’s principal competitor in its home territories was the Trustee Savings Bank, indicating how the non-competitive stance of the major clearing banks had resulted in the creation of an excellent marketing opportunity. This heralded in the possibility that ownership would pass to a foreign institution. Two years earlier the National Australian Bank Group (NABG) had acquired for £400 million the regional banking operations of the Midland Bank, after the former saviour of the Yorkshire Penny Savings Bank had run into balance sheet difficulties as a result of its overseas activities. In consequence, as the NABG already owned the Clydesdale Bank and the Northern Bank (Ireland), it was no surprise that in 1990 the Yorkshire Bank was purchased. Although many felt that the £1 billion paid, or an earnings multiple of 13.5, was well above market expectations, the NABG management was pleased with its new acquisition.

Of course, the NABG bought the Yorkshire Bank in a period of recession. Even so, in the first full year with the NABG, the Yorkshire Bank had a record number of new customers, boosting annual pre-tax profits to £107 million.¹³⁴ Throughout the year, the bank had added six branches to its network and was also

¹³¹ *Intercity*, October, 1988.

¹³² *Intercity*, October, 1988.

¹³³ *Banking World*, November 1989, p.9.

¹³⁴ *Doncaster Star*, 22nd November, 1991.

voted the 'Best UK Bank' for providing overall customer satisfaction.¹³⁵ However, in the same year, company collapses and increasing costs to business put the charges for bad debt up to £76.1 million, compared to £27.4 million in the previous year.¹³⁶ By 1992, pre-tax profits had also fallen by almost 40% to £64.6 million in the year to September, largely as a result of bad debt provision.¹³⁷ As a combined result of the financial situation, competitive pressures and the perceived need to rationalise, the planned expansion of the branch network was halted in 1993, following which a process of rationalisation has been implemented.

This is an appropriate place to leave the Yorkshire Bank history and draw the paper to a conclusion. Clearly, the vision espoused by Edward Akroyd had resulted in the creation of an institution of enduring credibility. While the two crises of 1911 and 1952 had posed some serious questions concerning management's ability to sustain the delicate balance between reserves and deposits, ironically the Bank's rescue by a syndicate of financially well-endowed clearing operations provided both the capital and market advantages that have allowed the Yorkshire Bank to flourish. Building on the initial strategy of providing financial services to 'the great unbanked', the Bank was able to exploit the clearing banks' non-competitive approach and establish an extensive reputation as a 'community' bank, building on its savings bank legacy as a highly credible strategy.

¹³⁵ *Sheffield Telegraph*, 29th November, 1991.

¹³⁶ *Ibid.*

¹³⁷ *Evening Courier*, 19th November, 1992.