

1781



1911

## Saint Louis the Banking Center

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*Federal Reserve Bank of St. Louis*



ST. LOUIS was an outpost of civilization, the center of a wilderness, when in 1781 the first bank in this country was organized in Philadelphia, under the name of the Bank of North America. There were then thirteen Colonies populous enough to revolt against England, bound by articles of confederation, but not as yet nation enough to have a constitution.

By the time St. Louis had a population of thirty-five hundred and its commerce had caused the organization of its first bank, the Bank of St. Louis, there were many banks doing business in the Eastern States. In addition to the private banks, Philadelphia, Boston and New York all had several incorporated financial institutions. Today New York has at least three banks over a hundred years old, the Bank of New York being one hundred and twenty-seven years old on March 15th, 1911, while the oldest bank in St. Louis is only sixty-four years old.

As financial institutions are but the outgrowth of the necessities of the community, it is natural to find their greatest development where the population is densest, just as it is natural for the financial center to have a tendency to shift as the center of population moves. It is also natural to find that banking does not move as fast, but follows the center of trade. New York, on account of its natural advantages, soon became the great banking center of this country, which position it still maintains, but as the country grows it has had more and more to share its pre-eminence with other cities; first with Chicago, on account of the earlier development of our Northwest territory; then with St. Louis, which with the rapid present development of the great Southwest, is destined to become a much greater center as year follows year.

The thirteen original states are now forty-eight sovereign commonwealths, and the population is over ninety millions. Of all the large cities, St. Louis is nearest the center. It is a gateway between Canada on the North and Mexico and Central and South America on the South; between the States on the Atlantic and those on the Pacific. Before it had twelve thousand inhabitants, and only eight years after Missouri became a state, its advantageous position was recognized. In 1829 the Bank of the United States established a branch in St. Louis.

There are only three Central Reserve Cities and St. Louis is one of them, New York and Chicago being the others.

As has been said before, our Northwestern territory was the first developed. This was due to the discovery of gold in California and in the Northwestern states. Chicago, situated on

the Great Lakes, got the benefit of this immigration. The Southwest, the territory most closely related to St. Louis, was passed by during these earlier years. It was not until about twenty-five years ago that attention began to be directed to her great resources. Villages, as it were, grew in a night into cities, and found themselves in need of railroads, lighting plants, waterworks, street railways, office buildings, and other necessities of modern life, and seeing the needs, St. Louis' financial institutions, having the power and facilities, furnished money and expert advice to satisfy them.

As in New York, a center of the first population the earliest banks were established, so we find in that city the first Clearing House. It was established in 1853, while the one in Chicago was not organized until 1865 and the one in St. Louis until 1868. This order of establishment follows somewhat the history of our country's development and a comparison of the clearings of each place indicates the flow of population and trade. For instance, in New York the clearings for the year 1854 were \$5,750,455,987.06, and for the year 1864 were \$24,097,196,655.92, or an increase of over four times in ten years. For 1869, the first year information in regard to clearing for Chicago and St. Louis is available, the clearings for New York were \$37,407,028,986.55 or an increase of over six times those of 1854. For the year 1879 the clearings were \$25,178,770,690.50, showing a decrease in this decade. For 1889 they were \$34,796,465,528.87, an increase for this ten years, but even then not equal to the clearings for 1869. For 1899 the clearings were \$57,368,230,771.33 a fractional increase for the decade and for 1909 they were \$99,257,662,411.03, for the first time since 1869, showing for the previous ten years an increase of as much as double. From the above figures it is seen that no ten nor fifteen years in the history of the New York Clearing House show such an increase as its first periods, and during no other years was population and developed territory so concentrated around that city.

In 1869, while the clearings in New York were \$37,407,028,986.55, in Chicago they were only \$734,000,000, but the territory around this latter city was beginning to develop rapidly. Chicago's clearings in 1879 were \$1,257,000,000; in 1889, \$3,380,000,000; in 1899, \$6,612,000,000, and in 1909, \$13,782,000,000. It may be said that they doubled every ten years.

St. Louis shows a sustained and rapid increase in its volume of clearings. For 1869, they amounted to \$292,195,745; for 1879, to \$546,882,903; for 1889, to \$987,522,629; for 1899 to \$1,638,384,203, and for 1909, to \$3,310,000,000, the ratio of increase by decades being much greater than that of New York, and fully equal to that of Chicago. From now on the amount will doubtless increase still faster as the Southwest develops.

St. Louis is now the fourth city in the United States in size, and she is also fifth in the volume of exchanges. New York, Chicago, Boston and Philadelphia, in the order named, stand ahead of her. It is to be noted that three of these cities are located in the highly developed populous East, only one being in the Western country, and that in the Northwest.

The advantageous location of St. Louis as a financial center is also realized when we find that in the section of the country where it is situated, the Middle West, there are now the greatest number of banks. According to the "Special Report from Banks of the United States," compiled for The National Monetary Commission, our total number of financial institutions on April 28, 1909, was 22,459, with an aggregate capital of \$1,793,984,325; surplus and undivided profits of \$1,831,743,605; deposits of \$16,551,059,243 and resources of \$21,046,875,846. Of this total 7,709 banks and trust companies are located in the section of which Missouri is a part, by far a greater number than in any other section; the Southern States, the