

## Scottish Banks, Banking and

# The Royal Bank of Scotland Limited

(The following history was supplied SPMC through the courtesy of The Royal Bank of Scotland, Ltd.)

**T**HE Royal Bank of Scotland Limited was formed in 1969 by the amalgamation of the National Commercial Bank of Scotland Limited and the Royal Bank of Scotland, founded in 1727, to form the operating bank in Scotland of the National and Commercial Banking Group.

The various constituent banks have roots deep in Scottish history. The Royal Bank had its origins in the Union of the Parliaments in 1707. By the Treaty of Union, England agreed to pay £398,085 to Scotland as an "equivalent" for the increased fiscal responsibilities which Scotland would have to bear, and this sum was to be disbursed to the stockholders of the ill-fated Darien Company and to the other creditors of Scotland's National Debt. The first of some one hundred years when communication throughout the country was slow and difficult was spent in building up its business mainly as an Edinburgh bank, although one branch was opened in Glasgow in 1783, in the charge of David Dale, merchant in that city, whose portrait at one time adorned the Bank's notes.

The second phase again lasted about a hundred years from the 1830's to 1930, during which a nationwide branch system was developed. This policy included the taking over in 1864 of the Dundee Banking Company, the business of Drummonds Bank at 49 Charing Cross London in 1924, and the purchase in 1930 of the business of the Western Branch Burlington Gardens of the Bank of England. The third phase from 1930 onwards was the purchase of Williams Deacons Bank in 1930 and of Glyn Mills & Co. in 1939.

The National Commercial Bank of Scotland was formed in 1959 by the merger of the Commercial Bank of Scotland Limited and the National Bank of Scotland Limited through both of which it had a history dating back to the early nineteenth century. Both received a Royal Charter of Incorporation in 1831.

### THE COMMERCIAL BANK OF SCOTLAND LIMITED

The Commercial Bank was founded in Edinburgh in 1810 expressly to serve commercial interests at a time when the conservative policies of the existing chartered banks were under considerable criticism by the business community. Over the years it established an extensive branch network throughout Scotland and in London, in the course of which it absorbed the Caithness Bank in 1825 and the Arbroath Bank in 1844. In modern times it maintained its progressive outlook and was the first bank in the United Kingdom to visualize the possibilities of hire-purchase finance as a complement to banking.

### THE NATIONAL BANK OF SCOTLAND LIMITED

The National Bank of Scotland Limited, formed in 1825, also established a nationwide branch system, and in 1864 was the first of the Scottish banks to move into London. It absorbed the Commercial Banking Company

of Aberdeen in 1833 and the Perth Union Bank in 1836. The National also pioneered the use of mobile banks in the United Kingdom, the first coming into use in 1946.

The vitality of the two constituent banks was continued in the National Commercial, which was responsible for several developments: for example, associating in the provision of merchant banking facilities in Scotland; the introduction of a Ladies Branch in Edinburgh, and a Boat Bank in the Orkney Islands. In 1966, it acquired the National Bank with its branches in England and Wales.



The Royal Bank of Scotland Limited symbol

### TOP AWARD

In 1971, The Royal Bank of Scotland won the top honor in Royal Society of Arts Bi-Annual Presidential Award for Design Management. The award was in recognition of the Bank's design program which had been devised as a part of an overall management policy covering a corporate symbol and its application throughout the Bank.

The National and Commercial Banking Group, a Scottish Company with its headquarters firmly based in Edinburgh, is the fifth largest banking group in Great Britain. The management is progressive and dynamic and we may expect to see many new developments in banking and finance flowing from the group, the constituents of which have produced so many "firsts" in the past.

Through its wholly-owned subsidiaries, the Royal Bank of Scotland and in England, Williams & Glyn's Bank, it has over a thousand branches throughout Scotland, England and Wales. In Scotland the Royal Bank is the largest bank in terms of deposit and advances. It recently acquired a civil airline, Loganair Limited, which operates an island banking service in Scotland by means of flights to selected places, together with a normal commercial service to the Scottish islands.

### BANK NOTES

The first bank notes issued by the Royal Bank were dated 8 December 1727. Up to that time bank notes



The Royal Bank of Scotland (established 1727) £1 note (20 shillings) dated 8th December 1727



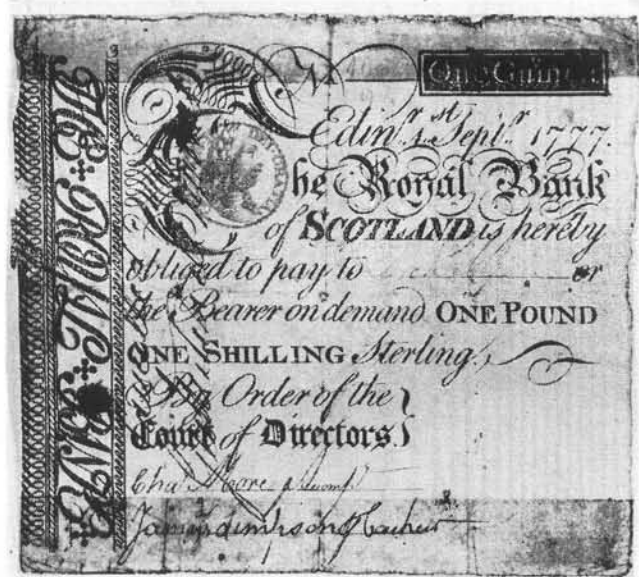
Dundee Banking Company (established 1763) £1 note dated 22nd Nov 1856

had been solely payable on demand, but in a contest which arose between the two Scottish Banks, the Bank of Scotland (the Royal's competitor) found it necessary to postpone payments and inserted in its large notes an "Option Clause" undertaking thereby to pay them on demand, or at six months after presentation with a stated sum of interest—the date of presentation to be certified by an endorsement upon the note by the bank's accountant. On 12 December 1772 the £1 notes were similarly treated. The Royal Bank notes continued payable on demand until 1761, when the pressure on the company—arising from the scarcity of coin—became so severe that the Bank unwillingly adopted the Clause. On this course it was followed in a few months by the British Linen Company for the same reason.

The British Linen Company began in 1746 for the encouragement of the linen trade and its notes, first issued on 1747, were printed "for value received in goods," its first true bank note being issued about 1750.

#### GUINEA NOTES

During 1758, the Royal Bank issued Guinea (£1-1/- value) notes for the first time but did not do so again until 1768, when they at once became popular and remained so for nearly fifty years, to the exclusion in some circles of even the £1 note.



The Royal Bank of Scotland (established 1727) Guinea note dated 4th March 1758 (£1-1/-) (One pound one shilling)



The Royal Bank of Scotland (established 1727) Guinea note dated 1st September 1777 £1-1/- (One pound one shilling)



The Commercial Bank of Scotland Limited (established 1810) £1 note



The National Bank of Scotland Limited (established 1825) £1 note

An Act of 1765 made "Option Clause" illegal and all bank notes of the 15 May 1766 were ordered to be payable on demand. It was further declared that from 1 June 1765 no notes of lower denomination than £1 Sterling should be issued.

In 1800, for the purpose of raising war supplies, a Stamp Duty was first ordered on bank notes. In 1808, the Bank of Scotland, The Royal Bank and the British Linen Company were granted the concession of issuing their notes on unstamped paper and compounding the duty. This system was extended in 1853 to the other Scottish banks, the compounded rate being fixed at 8s. 4d. per £100 per annum. This remained operative until 25 June 1972, when Stamp Duty was abolished on the issue of bank notes.

#### SCOTTISH BANK NOTES NOT "LEGAL TENDER"

Since the 1928 Currency and Bank Notes Act, the note issue in the legal sense has virtually only once come into the public eye. That was on the outbreak of war in 1939 when, as in 1914, the notes of the Scottish banks

became legal tender. This status was withdrawn with effect from 1 January 1946. The term "legal tender" implies that such money must by law be accepted by a creditor in payment of a debt. In Scotland, Bank of England £1 notes are legal tender to an unlimited extent.

The Scottish banks issue their own £1, £5, £10, £20, £50 and £100 notes and after nearly 250 years of regular and uninterrupted trust and wont are accepted in payment of debt of every description in Scotland, despite the fact that they are not in the eyes of the law, legal tender.

The liberty to issue bank notes in Scotland has now come down to three establishments, a big change indeed from 1845, when there existed 19 banks of issue. Although so many of this number have long been removed from the monetary scene, their names live on in some cases to the present day through their notes. The Bank of Scotland, The Royal Bank of Scotland Limited, and the Clydesdale Bank Limited, redeem by reason of take-overs, mergers and otherwise these notes of non-existent banks.



## ROYAL BANK CURRENT "CASTLE" ISSUE

The latest issue by the Royal Bank is the "Castle" issue which shows a series of Scottish Castles on the reverse side. The £1 note delineates Edinburgh Castle, the £5 Cuizean (the late President Eisenhower had a flat

in this castle for a number of years), the £10 Glamis, the £20 Brodick, and the £100 note Balmoral (Queen Elizabeth's Scottish residence).

More Illustrations on Page 87.



### "Late" Blocks Occur in England, Too!

A recent holiday in England revealed that hold-over serial numbers occurred on Bank of England one pound notes, as well as on our Silver Certificates, a few years ago. Remainder printings are evidenced by these blocks:

|        |                |           |                |
|--------|----------------|-----------|----------------|
| Serial | T 36 C 116 666 | Signature | "J. S. Fforde" |
|        | T 27 D 444 129 |           | "J. S. Fforde" |
|        | T 01 E 485 496 |           | "J. S. Fforde" |
|        | T 46 H 712 434 |           | "J. E. Page"   |
|        | U 20 B 314 525 |           | "J. S. Fforde" |
|        | U 35 B 906 403 |           | "J. E. Page"   |

The Bank of England numbers its blocks in lots of one million instead of one hundred million. Hence, the prefix letters progress more rapidly. For collectors, the "Page" signature facsimile is to be found on both new and old design five pound notes.

R. H. LLOYD

### Cayman Island Stamps Show Paper Currency

The Cayman Islands in the British West Indies released four stamps on Jan. 2, 1973 to celebrate the issuance of distinctive Cayman Islands currency on May 1, 1972 to replace the Jamaican money then in circulation.

The 3c stamp portrays the \$1 note (tropical fish) and the 1c coin; the 6c, the \$5 note (schooner) and the 5c coin; the 15c, the \$10 note (beach scene with partially buried treasure chest) and 10c coin; and the 25c, the \$25 note (map of Cayman Islands) and 25c coin. The set was designed and printed in photogravure by Thomas de la Rue.

According to the Crown Agents, "The original intention was that the currency follow the pattern of the U. S. dollar value. Due to the fluctuation of U. S. currency, the parity of the Cayman dollar was fixed under the agreement of the International Monetary Fund, the Cayman Islands being represented at this body by the United Kingdom."



## Call for Annual Meeting

The 13th annual meeting of the Society of Paper Money Collectors will be held on Saturday August 25, 1973, at the Sheraton-Boston Hotel, Boston, Mass. As required by our By-Laws, it is being held in conjunction with the annual convention of the American Numismatic Association.

Since we had a luncheon meeting last year, in our alternating arrangement with the Token & Medal Society, we will be able to enjoy a dinner meeting this year. As of this writing, plans call for a general meeting on the morning of the 25th and a Board of Governors' meeting during the afternoon, to be followed by a Dutch treat social hour and the dinner. A numismatically-prominent speaker has been promised. Please consult the bulletin board at the hotel for specific times and places.

Come and enjoy numismatic fellowship with your friends and other members. Meet the officers of the Society. Learn of the significant new projects being planned for 1974. Express your opinions. This is a once-a-year opportunity, so don't miss it.

### Buy Tickets for Boston Dinner Early!

Tickets for the dinner, at \$10.00 each, including tax and gratuity, may be purchased by mail prior to August 1st from our Treasurer, M. O. Warns, P. O. Box 1840, Milwaukee, WI 53201. Make remittance payable to SPMC. Any remaining tickets may be purchased from Mr. Warns or dealer-members in the bourse room at least 48 hours in advance.

## Nominations Report

In accordance with Article III, Section 3a, of the By-laws of the Society, as amended in February 1968, this Committee nominates the following five members to serve as members of the Board of Governors for three-year terms: Vernon L. Brown, Forrest W. Daniel, William J. Harrison, Robert E. Medlar and Eric P. Newman.

Other nominations may be made as provided in the By-laws. The election will take place at the Society's annual meeting on August 25, 1973 at the Sheraton Boston Hotel. The five Governors elected there and the following ten hold-over Governors will constitute the 1973-74 Board of Governors: Thomas C. Bain, James N. Gates, Maurice M. Gould, David A. Hakes, Brent H. Hughes, Charles O'Donnell, J. Roy Pennell, Jr., Glenn B. Smedley, George W. Wait, and M. Owen Warns.

Thomas C. Bain  
Glenn B. Smedley  
George W. Wait, Chairman

### Dr. Arnold Keller, Recipient of SPMC's Nathan Gold Award, Dies in Germany

Dr. Arnold Keller, probably the number one authority on world paper money, died in Berlin on Dec. 13, 1972, scarcely three months after receiving the Nathan Gold Memorial Award for his contributions to numismatics from the Society of Paper Money Collectors. In his lifetime he compiled more than 30 volumes on numismatic subjects, many on World War I emergency paper money.

Born on Jan. 31, 1897 in Freiburg-Baden, Germany, Dr. Keller was educated at universities in Munich and Leipzig, where he majored in oriental languages and numismatics. The professionalism of his scholarship was evident in his writings, and he lived to see his name become a hallmark for the best in numismatic literature.