

A BANK OF 'UNQUESTIONABLE SUBSTANCE'

LLOYDS' FIRST ONE-HUNDRED YEARS

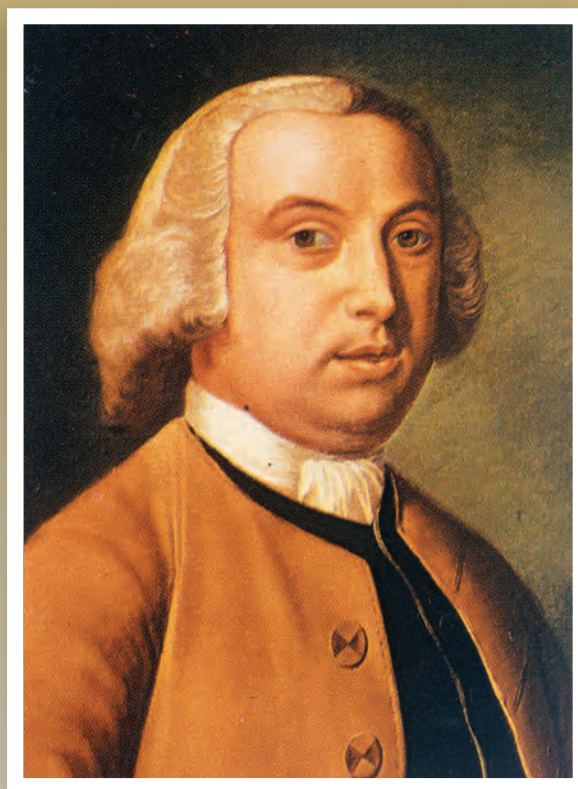
Karen Sampson

Today, Lloyds Bank has some 1300 branches across England and Wales. For its first one hundred years, however, it operated from just a single office in Birmingham. 2015 marks the 250th anniversary of the bank's formation; its early history throws light on commercial development in the West Midlands during the Industrial Revolution.

A man of unquestionable substance' was how a business contemporary described Sampson Lloyd II, founder of Lloyds Bank. Taylors & Lloyds, as the firm was originally known, first opened for business 250 years ago on 3 June 1765, in Birmingham. Sampson and his three other partners each put in £2000 to set up the bank in Dale End.

Sampson's background was unorthodox. His grandfather, Charles, had spent ten years in prison for his Quaker beliefs. His father, also called Sampson, had fled to Birmingham from Wales towards the end of the seventeenth century to escape religious persecution. Sampson senior chose to come to Birmingham because the Church of England's control in the area was weak. Non-conformists such as Quakers, Unitarians and Baptists were less likely to be persecuted there, and were able to build communities and places of worship.

As non-conformists were barred from attending university or holding public office, many went into manufacturing or trade. Sampson was no exception and he followed his father into the



Sampson Lloyd II, founder of Lloyds Bank, 1765.

family's iron business. But, at the end of the Seven Years War in 1763, the demand for iron collapsed. So, in 1765 at the age of 66 and anxious to set his children up with an alternative occupation, he opened Birmingham's first bank.

John Taylor

The Taylor family played a key role in the firm for almost a century. The first John Taylor was a Unitarian, and therefore a non-conformist like his business partner Sampson. John started work in Birmingham as a cabinet-maker, but went on to make his fortune manufacturing buttons and other trinkets. He became particularly well-known for his exquisite enamelled snuff boxes, something no self-respecting eighteenth-century gentleman would be seen without. At its height, Taylor's

business employed more than 500 people, and made a very healthy profit.

Taylor was 54 when he went into partnership with Sampson Lloyd. His sound business reputation and great wealth were recognised and his name was placed first in the bank's title.

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Taylors & Lloyds Banknote, 1809.

They were joined in the partnership by their two sons, also called Sampson and John.

Customers, Canals and Companies

The firm started out as a town bank, with a customer base of small manufacturers and merchants, who were mainly sole traders. A list of early customers includes a watch-chain-maker, a thimble-maker, a whip-maker and a baker. Women's names also appeared surprisingly frequently: 72 of the 277 customers in 1775 were female.

In the late eighteenth century, Britain experienced the dramatic innovations and changes of industrialisation. Birmingham was central in the process and became known as the 'workshop of the world'. Taylors & Lloyds played a key role in financing trade and industry. It invested early in the burgeoning transport infrastructure: the firm acted as treasurer to the Birmingham Canal Company and loaned money to businesses that went on to become major enterprises.

The early success of Taylors & Lloyds undoubtedly owed much to the Lloyd family's Quaker connections as well as their strong work ethic. The Quaker world was a tightly-knit one of



The beehive logo still survives on Lloyds Bank, Bournville, Birmingham.

Courtesy of Stephen Wheeler

close family and kinship networks. As leaders in the Society of Friends, the Lloyd family was close to many of the influential members of that community.

The bank was successful. Each of the four partners invested £2000 to start up the firm. After the first six years, £10,500 was set aside in addition to the original capital. By the last decade of the eighteenth century the annual profit was around £8,000.

Birth of the Beehive

There were problems, however. Taylors & Lloyds, like many country banks, had a licence to print its own banknotes. In 1822 disaster struck. £4,002 of Taylors & Lloyds notes were stolen from a mail coach on its journey between London and Birmingham. A reward of £1,000 was offered and the notes themselves were cancelled.

In the end, the financial loss was small – but tracking down the notes proved difficult, as they simply looked like bland pieces of paper. Although the bank did its best to publicise the loss and ask

for vigilance, the notes were easy to miss when counted with those of other banks. A solution was a distinctive logo. The partners settled on the image of a beehive, with its connotations of thrift and industry. It was used as the bank's symbol well into the twentieth century, when it also appeared alongside the famous black horse. Lloyds inherited the black horse when it took over the City of London bank of Barnetts, Hoares, Hanbury & Lloyd in 1884. The horse's association with the City, however, goes back much further, to 1677, when it hung outside the shop of goldsmith Humphrey Stokes.

The First Lloyds Branch: Oldbury

The association with the Taylor family ended in 1852, with the death of James Taylor, grandson of founder John. James's health had broken down as a result of worries about his business affairs. These were, in fact, largely imaginary, but in 1853 he took his own life. James's son, also called James, declined the offer of a partnership, partly due to his mother's concerns about him going into commerce. He instead chose to live the life of a country gentleman. The firm was restyled Lloyds & Company.

Nine years after the departure of the Taylor family, and almost one hundred years after the firm was first established, Lloyds decided to open its first branch. In 1864, the partners responded to an urgent request from one of their best business customers. Albright & Wilson were phosphorus manufacturers: they produced the chemicals needed by match makers. In 1850, the Quaker Arthur Albright moved his works from Selly Oak to Langley Green, Oldbury, in the Black Country. There, he teamed up with fellow Quaker John Edward Wilson to form a firm that became the second-largest chemical company in the country.

The new site had excellent transport links, but it lacked banking facilities. Each week, the company hired a coach and made the trip into Birmingham to the Lloyds office to fetch cash to pay the wages. This was time-consuming, as well as risky. Albright & Wilson was a major customer, with substantial deposits in the bank. It also traded on a large scale both nationally and, after successfully exhibiting at the Great Exhibition at the Crystal Palace in 1851, internationally. So Lloyds opened a branch in Oldbury.

From Private Bank to Joint-Stock Company

Not long after the Oldbury branch opened – and as the centenary of Lloyds & Company approached – the Birmingham banking world was thrown into a state of uncertainty. In 1865 the town's largest private bank, Attwood, Spooner & Co., crashed. The bank had been formed in 1791 and their customer base was made up largely of farmers. It was alleged that the



Lloyds' first branch, Oldbury, 1853.

Images © Lloyds Banking Group



The original 'Black Horse' branch signage.

firm's failure was due primarily to the Attwood family making large withdrawals. With public confidence shaken, a rumour began to circulate that Lloyds was also in trouble. As the dust settled, the partners of Lloyds decided on two bold moves. Firstly, they employed an independent accountant to go through their books (not something that private banks were obliged to do). They published his report and their balance sheet in the local newspaper. The soundness of their business was visible for all to see, and confidence was restored.

Then they began negotiations to convert their private bank (still financed by just four partners) into a joint-stock company. For the first time they had shareholders which helped to secure a much bigger capital base. This proved a major turning point in the company's history. Having spent almost all

of its first one-hundred years operating from a single office, the next fifty years would see it take over more than fifty banks, large and small, the length and breadth of the country. ●

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Further Reading

Sayers, R.S. *Lloyds Bank in the History of English Banking* (Oxford, 1957).
Winton, J.R. *Lloyds Bank 1918-1969* (Oxford, 1982).

Lloyds Bank 250th anniversary website
<http://www.lloydsbankinggroup.com/Our-Group/our-heritage/2015-our-milestone-year/250-years-of-lloyds-bank/>.