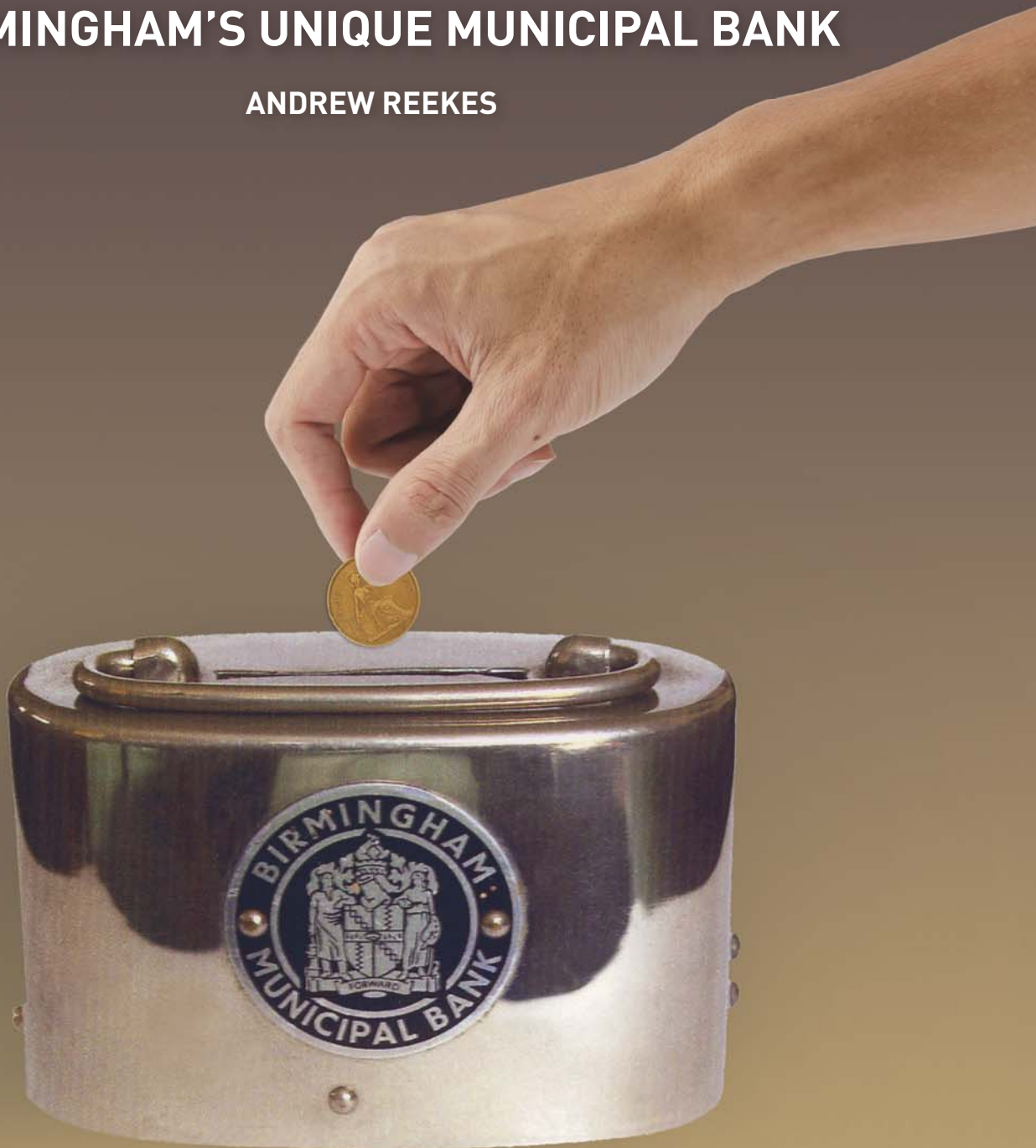


# ‘THRIFT RADIATES HAPPINESS’

**BIRMINGHAM’S UNIQUE MUNICIPAL BANK**

**ANDREW REEKES**



## ‘Thrift Radiates Happiness’: Birmingham’s unique Municipal Bank

The Birmingham Municipal Bank had a long and distinguished history. It was the brainchild of Neville Chamberlain in the First World War designed to encourage working people to save for the war effort; but it grew and developed in peace time to serve the city’s men, women and children, with over a third of the population having accounts with the Bank by 1939. It was unique; no other cities followed Birmingham’s lead.

‘An untidy man lingering on the fringe of the depositors edged to the counter and in a rather threatening voice demanded: “Ave you got it still?” “Got what?,” asked the clerk. “My blinkin’ money,” he whispered. The young clerk called the manager, while the old man leant on the counter and glared round the bank. “Of course we’ve got it,” said the manager. “And you’re Mr X - £12 15s 9d.” “Well then, let’s ave a look at it,” was the suspicious reply. The manager, in no way surprised, lifted the counter flap, led the depositor into the back room, opened a safe, and showed him bags of silver and piles of Treasury notes.’ He later told H V Morton, the renowned Birmingham journalist, who witnessed the whole event in 1920, that this was by no means an uncommon occurrence.

### Lord Mayor Neville Chamberlain’s great idea

The point is that for many working-class depositors, saving in a bank was a wholly new adventure. Their numbers, for by 1938 over a third of Birmingham’s population (including children) had an account, would become testimony to the overwhelming success of a venture first conceived by Neville Chamberlain in 1915. It provides further proof of just how creative a social reformer he really was, a fact overlooked by his critics of Munich and appeasement. As Lord Mayor of Birmingham during the First World War he had determined to find a way of reaching out to those many working men and women who had never even thought about developing a saving habit. Government schemes at the time had manifestly failed to reach them. But in time of war, when the state urgently needed funds to prosecute the campaign in France, he believed that novel ways were needed to attract factory workers – in receipt

**BIRMINGHAM CORPORATION SAVINGS BANK.**

**Chairman: THE LORD MAYOR.**

The Bank is established under Act of Parliament and is guaranteed by the Corporation.

It is the first Bank of its character to be established in this Country, so that once again Birmingham leads the way and acts up to its motto "Forward."

Every person employed in the City is eligible to become a depositor no matter whether he receives salary or wages.

A very simple system of deposits by way of coupon has been devised. These coupons are affixed to a coupon card by the Contributor until the card has the equivalent in value upon it to one sovereign. The card is then taken or sent to the Bank where it is exchanged for a Bank Book and the sovereign is credited to the depositor's account, from which date interest at the rate of 3½ per annum begins to accumulate. Withdrawals are easily provided for, either personally or by representative. Employers can obtain coupons from their own bankers or direct from the Bank.

The Bank serves two purposes. It helps the Country to find the "Silver Bullets" which will win the War, and it also provides the method by which one can save against a time when it may be needed.

“Put a little bit away for a rainy day,  
‘Cause the sun won't always shine;  
Put a little bit away for a rainy day,  
Or you may have cause to repine;  
You will never be as young as you are to-day,  
So be warned by what I say;  
Your best best friend is your pocket in the end,  
So always put a little bit away.”

So run the lines of a well-known song, and at no time were words so appropriate as they are to-day.

The Bank is at the Council House (entrance from Edmund Street) and is open from 10 to 4 daily; Saturdays 10 to 1, and Wednesday evenings from 6 to 8.

If you have not already joined the Bank, ask your employer for an application form or call at the Bank and get one yourself.

This is one of the most democratic institutions ever started in Municipal Government, and it is up to the citizens of Birmingham to take full advantage of it.

Sanction to establish the Bank has only been secured after a hard fight, but having got it, don't let it ever leave your grasp.

For further information apply to the Manager—Mr. J. P. Hilton, Council House, Birmingham.

1916

Library of Birmingham

Advertising the new bank in 1916.

of higher wages – to deposit some of their earnings into funds which could be put to use by government for the war effort.

Almost every aspect, and every stage, of the scheme to create a municipal bank was managed by Neville Chamberlain. He divined that if the council ran the bank then the people of Birmingham, famously proud of their city, would respond. His faith in the capacity of local government to run services, and to transform the

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lives of its citizens, had its roots in the great Birmingham civic revolution instigated by his father Joseph Chamberlain and his fellow advocates of the civic gospel in the 1870s and 1880s; it had encompassed environmental, cultural and intellectual improvement. So, banking was simply one more responsibility for a municipality which controlled water and gas supplies, planned for improved housing, managed city transport and administered local education, as well as providing museums and art galleries for its citizens.

There was more to his initial conception than this. The mechanics of the scheme were all his too: deposits would be made in factories via coupons paid to the workers as part of their wages or purchased from employers. The coupons would be stuck on a card, to be taken to the bank’s head office when filled up, and the value to be there entered in a ledger. He also understood that prizes would appeal to the gambling instinct in the worker and he had the brainwave of getting the *Birmingham Mail* to publicise prize-winners (and in so doing advertise the municipal bank itself). Prizes would be given by businessmen and he, himself, stumped up the first £100 prize. He it was who from the first envisaged that deposits could be used to widen house ownership; Conservative politician that he was, he envisaged a property-owning democracy as the best protection against Bolshevik thinking.

### Turning vision into reality

It was no easy matter to turn the vision into reality in 1916. Having got Birmingham’s council to approve the scheme he then faced stern opposition from several quarters. His own brother Austen, a cabinet minister, was at first frankly unencouraging. The large commercial banks - disliking the competition - proved difficult. Trade union leadership objected on the grounds that employers, seeing their workers saving, would conclude they had money to spare and so did not merit pay rises. And a condescending Treasury, exuding metropolitan superiority, initially dismissed Chamberlain’s plans as impracticable. All conspired to reject Chamberlain’s plan in February

1916 but nevertheless he persisted, making himself a thorough nuisance by badgering officials and the heads of the big banks; with one of them he successfully played the Birmingham card, for Lloyds had been founded there. Here he won allies; and gradually the Treasury, and the Chancellor, Reginald McKenna were won round when no better scheme for encouraging savings had emerged elsewhere. The Municipal Savings

Banks Bill received royal assent in August 1916. Birmingham was the only city to take advantage of it, and so a unique *Birmingham Corporation Savings Bank* was established, tightly constrained by clauses in the Act betraying officialdom’s suspicion of the whole enterprise. The life of the bank was limited to a period of three months after the end of the war; depositors (who had to be employed) could only accumulate £200, and only withdraw on demand a maximum of £1. The bank’s investments were to be controlled not by the council but by the National Debt Commissioners.



A savings stamp

None of this deterred the city council and, having appointed J P Hilton (who would become a legendary figure) as their manager, they and their Lord Mayor vigorously publicised the scheme. Within weeks 2350 employers had received details of the arrangements. Over 1000 meetings took place to explain the scheme to factory workers, the bulk being persuasively addressed either by Chamberlain or the Labour councillor, Eldred Hallas, a tireless advocate for the new bank. After one such lunch hour meeting more than 1000 employees at BSA signed up to the scheme in an afternoon. Far from working men fearing that their employers would know too much about their financial affairs, Chamberlain found that they were more concerned that their wives - struggling to manage on the weekly budget - should find out that their husbands had earnings enough to save. Soon enough there were almost 25,000 depositors; half a million more coupons had to be printed straight away; and bank branches were created in *BSA*, *Dunlop Rubber Co.*, *GKN*, *Austin Motor Co.* and *Wolseley Motor Co.*, among other big Birmingham businesses, answerable to head office in the water department of Council House.



## 'Thrift Radiates Happiness': Birmingham's unique Municipal Bank

**THE "BIRMINGHAM DAILY MAIL"**  
ANNOUNCES THE FOLLOWING  
**LIST OF PRIZES**  
IN CONNECTION WITH  
**THE CORPORATION**  
**SAVINGS BANK.**

**FIRST PRIZE, £100.**  
Presented by the LORD MAYOR OF BIRMINGHAM.

**SECOND PRIZE, £50.**  
Presented by Mr. F. DUDLEY DOCKER.

**THIRD PRIZE, £26 15s. 0d.**  
Presented by Sir JOHN HOLDER.

**THREE PRIZES OF £10 10s. 0d. EACH.**  
Presented by Sir HALLEWELL ROGERS, COL. A. W. WIGGIN and Mr. CUMING BUTLER.

**TEN PRIZES OF £5 5s. 0d. EACH.**  
Presented by Mr. JOSEPH HUDSON.

**SIX PRIZES OF £5 EACH.**  
Presented by A BIRMINGHAM SPORTSMAN £25 and Mr. T. F. WAKLEY £5.

**THE PRIZES WILL BE DRAWN FOR BY LOT**

and the Editor of the "Mail" has undertaken to carry through the arrangements for the draw which will be made in accordance with the following conditions:--

1. Distribution of Prizes to take place three months after the termination of the War.
2. Every Depositor will be eligible for a Prize who
  - (a) Is on the books of the bank at the time of distribution;
  - (b) Has been on the books at least six months;
  - (c) Has saved an amount proportionate to the time the bank has been in existence at the time of the draw, namely:--

If the bank has existed 6 months	-	-	£1	0	0
" " " 9 "	-	-	£1	10	0
" " " 12 "	-	-	£2	0	0

and so on, 10s. being added to the amount which must have been saved for every three complete calendar months that the bank has existed.

THE JOURNAL PRINTING OFFICE, 3, CANNON STREET, BIRMINGHAM

The Lord Mayor heads the list of prize donors.

### Making the Bank permanent in peace time

With the end of the war Chamberlain set out to make the bank permanent in late 1918. He could point to the evident success of an enterprise which had engaged men and women for whom the concept of regular saving had hitherto been quite foreign; he would argue that three quarters of the money placed in the bank would not have been otherwise saved. But beyond this he wanted to expand the bank's remit. With councillors and officials, he shaped the Birmingham Corporation Bill to prolong the bank's life and to assist working people to buy their own houses. By now an MP, he argued the case before the Government's Local Legislation Committee, which scrutinised the Bill at Westminster. So impressed was it by his testimony - his views on house purchase chimed well with government priorities - that the Birmingham Bill passed swiftly into law in August 1919, establishing permanently *The Birmingham Municipal Bank*. Its object was to encourage thrift, that very Victorian and Chamberlainite virtue,

but it was empowered to advance money for house purchases too. Many of the previous bank's restrictions regarding deposits and withdrawals no longer applied, and - through a scheme of home safes - even children were encouraged to open accounts.

Within short order the new bank took over 24,000 accounts (and the small outstanding debt) from the BCSB; the first account transferred was that of one Clara Emily Price of 190 Churchill Road Handsworth amounting to £4 10s. It rapidly established a new head office in the Council House; terminated the factory banks and the prizes; replaced coupons with cash savings; took on new bank clerks and branch managers; and set about establishing branches all over Birmingham.

Some of those initial seventeen branches opened in eccentric surroundings: Small Heath's branch in public baths in Green Lane; Saltley's in a fireman's hut; Duddeston's in the *Highland Laddie* public house, retaining its brass rails and decorative windows; and Sparkbrook's in a former butcher's shop, where meat hooks hung from the ceiling and the marble butcher's slab served as the bank counter. Within four or five years, other branches opened through collaboration with Corporation departments, so that the gas department assisted the reconstruction of premises incorporating a gas showroom and bank at Acocks Green; at Handsworth the electric supply department helped build both bank and showroom; whilst at Bearwood the tramways department cooperated in developing a bank which shared the space with a bus loading station.

Training of bank staff in those immediate post-war years was in some ways as unconventional as the buildings in which they worked. Conscious of security - specifically, the threat of bank raids - Head Office issued managers with a revolver and five rounds of ammunition, instruction in their use coming from a staff member who had served in the trenches. The Chief Constable suggested that the first chamber be left empty, that a police whistle be issued, along with a supply of pepper and a heavy ruler, and that flats above the bank be rented out

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to police officers. As late as 1960 the manager of the Billesley branch, John Edwards, earned himself minor injury and the George Medal for repelling two masked men, armed with revolvers which in the event they discharged harmlessly, by wielding a two-foot ruler.

## Birmingham’s working people make the Bank a great success

New branches and a heightened consciousness of security are both indications of the great popularity of the Municipal Bank. The statistics provide the bare bones of a great success story. Between its opening in September 1919 and January 1920 an average of 400 new accounts were opened each week, almost 10,000 in total.

Customers liked the fact that banks opened on Saturday and Monday evenings to accommodate workers when they had finished work. Ratepayers also appreciated the facility to pay rates, water, gas and electricity bills over the counter. Some 250 mortgages were arranged in these first months, with depositors able to access four-fifths of the

purchase price, the fruit of Chamberlain’s policy of encouraging house ownership. Soon children were saving through the home safe scheme and by 1922 over £1 million had been deposited by them. A *Birmingham Post* article in November 1919 anatomised very typical clientele, one morning soon after the Municipal Bank’s opening, at the Sparkbrook branch:

Our representative found the counter thronged with people paying in money. There was a little boy with eyes barely on a level with the counter handing over a few coppers; next to him stood an old lady with silvery locks peeping from beneath her bonnet; on the other side a railway porter and a tram car conductor; and the remainder men and women all obviously of the working class.

News of the success of the BMB spread and most weeks in the mid-1920s saw deputations from other interested towns, some from the colonies and from foreign countries, but no new municipal banks were founded in

England, perhaps because the Treasury, while recognising Birmingham’s signal success, discouraged imitation.

Further evidence of the Bank’s growing appeal can be found in the increasing demands on its Head Office. Those early rooms in the Council House were soon found to be inadequate as the Bank’s transactions grew from 1633 a week in 1920 to 3084 a week in 1927. So too did the amount of general correspondence, and Head Office’s role as a clearing station for the branches. That expansion explains the move to new offices in Edmund Street; despite his onerous responsibilities as Minister of Health in Baldwin’s Conservative government, Neville Chamberlain opened these new offices in 1925, just as he had shown his continuing interest in the Bank by opening new buildings at Sparkbrook and Rotton Park.

## Relocation and rebuilding Head Office on Broad Street

By the time Neville Chamberlain became Prime Minister, and prepared to meet Hitler at Munich in 1938, the

Municipal Bank could boast 450,000 depositors – over 30% of Birmingham’s population – with £27 million saved. There were 8,000 mortgages in force worth £2 million. That growth explains another Head Office relocation. Determined to have a building worthy of a nationally renowned institution, the country’s only municipal bank, Alderman Sir Percy Bower had campaigned

relentlessly to persuade the rest of the Council to rehouse its bank on Broad Street, where it would be part of a distinguished group of buildings, including the Hall of Memory, the Masonic Temple and Baskerville House. In 1933 – after expenditure of almost £100,000 – Thomas Cecil Howitt’s dignified, restrained, neo-classical building was opened by HRH The Prince George, the foundation stone having been already laid, almost inevitably, the previous October by Neville Chamberlain (‘by whom the idea was originally conceived and who was principally responsible for its initiation,’ as the inscription insisted). With its lofty Banking Hall, its extensive marble, and its expensive and tasteful detailing, the whole conception



Birmingham Municipal Bank

A home safe



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Library of Birmingham



Customers inside the bank.

breathed solidity, security and style. The seriousness of moral purpose was worked into the friezes and the decoration, expressed in mottos like: ‘Prudent people seek a safe place wherein to lodge their securities’, ‘Saving is the Mother of Riches’, and on the western wall of the Banking Hall, ‘Thrift Radiates Happiness’.

### The Bank during the Second World War

The failure of Neville Chamberlain’s foreign policy brought another war in its train, and the bank – as every other institution in the country – was profoundly affected. On war’s outbreak in 1939 10% of male staff immediately enlisted, and the attrition of men continued through the war; the Bank was sustained by women, many of whom (having been forced to leave their jobs when they married) now returned to work at the bank. They kept the business going, and depositors continued to save through the war years, buying Savings Certificates and War Bonds while the Bank then invested excess deposits with the government. They also had to take on new tasks associated with the war effort: the Bank took over the payment of wages to Civil Defence personnel, administered the payment of evacuation fees to host families, and organised the sale of those new financial devices like War Bonds.

Staff from all branches regularly gathered in the Head Office stationery department – even through the Blitz – there to do valuable war work inspecting machine parts produced in the city’s armaments factories and brought in for final checking; they were vital to the production of aircraft. Many of the branch buildings suffered from the bombing of the city – most particularly that at Bordesley Green. Shrapnel damage can still be detected on the Broad Street Head Office building which also lost some

of its best stained glass. In 1945 – at the war’s end – the Annual Report could reflect with satisfaction that ‘Birmingham has played a worthy part in the country’s special savings campaign, and the Bank has been a substantial factor in the great success that has been achieved.’ By 1945 £37 million had been raised in the War Savings campaign.

### Growth and amalgamation – the Bank after 1945

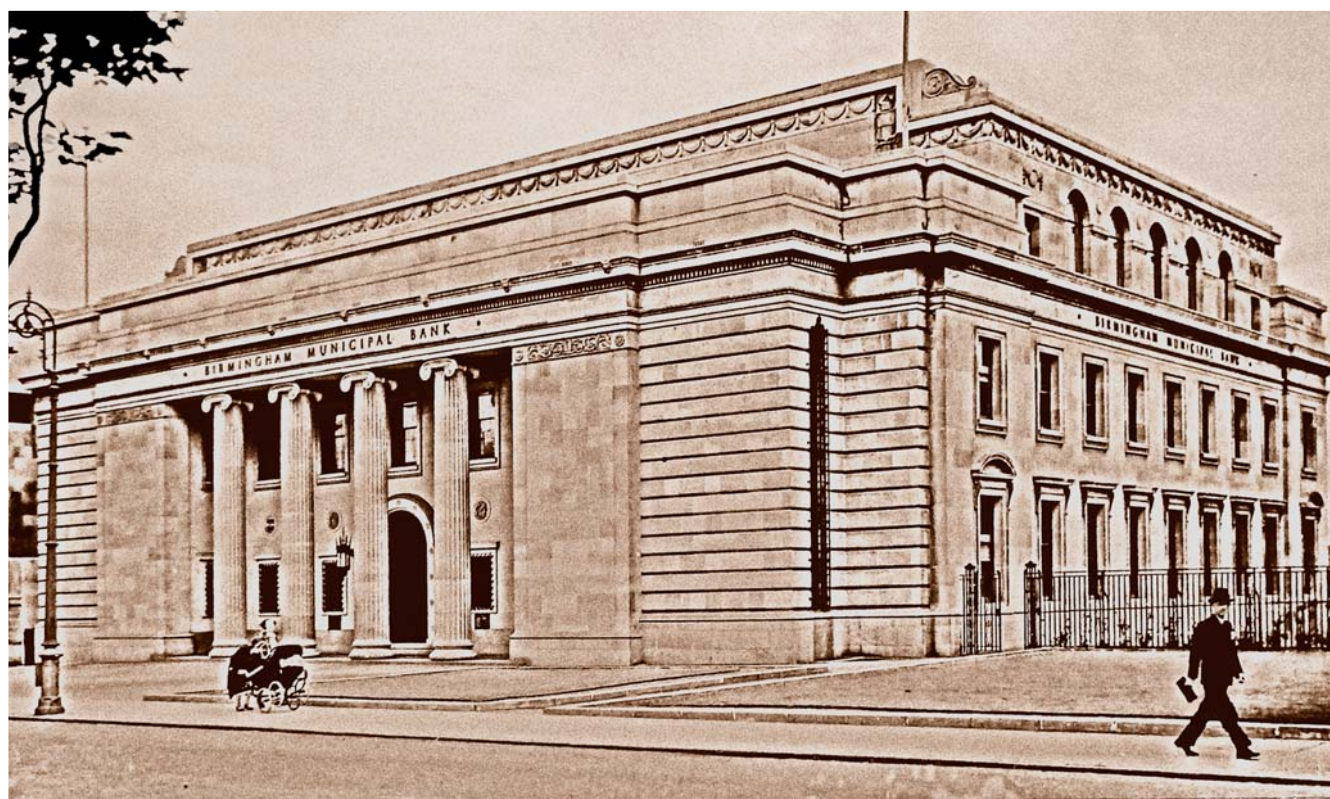
In the thirty years after the war the Bank re-established itself and expanded, increasing the services it offered. But the publication of the Page Report in 1973, commissioned by the government, prompted a radical review of the BMB’s operations. Sir Harry Page advocated the rationalisation of the trustee savings banks, reducing their number (from 70 to 17) and enabling them to compete as fully-fledged banks. The trustees of Birmingham’s Municipal Bank negotiated with the Treasury for three years to enable



Neville Chamberlain, Chancellor of the Exchequer, lays the foundation stone for bank’s new Head Offices.

Library of Birmingham

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Library of Birmingham

The new Birmingham Municipal Bank building Broad Street 1934.

them to become a TSB and in 1976 the Birmingham Municipal Bank became the Birmingham TSB, ceasing to operate as a department of the local authority, though trustees were still nominated by the town council. At that point there were seventy branches in Birmingham and the immediate vicinity, 400,000 active accounts, and local citizens’ savings of some £140 million.

The Head Offices at Broad Street continued to function as such for the new Birmingham TSB; and did so even after the amalgamation with the Midland TSB (consisting of the TSBs of Coventry, Walsall and Wolverhampton) in 1979 by which time there were 114 branches with total deposits of £310 million. The merger of TSB with Lloyds Bank in 1995 saw the abandoning of the Broad Street Head Office building; by then it was plainly too small to accommodate all the administrative functions of a large national organisation. Only now in the last few years has the building’s purchase by the University of Birmingham prompted a long-overdue restoration and re-imagining of a beautiful space, one which is redolent of a great city’s pride and ambition for all its citizens.

Andrew Reekes (author of *Two Titans: Joseph Chamberlain and George Cadbury*; *The Birmingham Political Machine*; *More than Munich: Neville Chamberlain*; *Austen Chamberlain and the Burden of Expectation*; *George Dawson and his Circle*).

### Further Reading

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[www.bmb.history.org.uk](http://www.bmb.history.org.uk)

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**WEST MIDLANDS**  
**HISTORY**  
PEOPLE OF IDEAS, INNOVATION AND ENTERPRISE