

7. Banking and Bankers

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International trade has always been an expensive business. It depends on investors lending money to traders on the promise of a share of the profit once the trade is complete. Investors from the sixteenth to the eighteenth centuries often had to wait many years for their investment to return a profit. Trade was carried out using gold bullion and goods to barter. In the sixteenth century, private investors such as Sir Thomas Myddelton (c.1556–1631) – who owned Chirk Castle (NT) – invested in privateers (private traders), as well as in companies such as the Merchant Adventurer's Company (from 1582), the Guinea Company (from 1594) and in the joint-stock East India Company (of 1600). A joint-stock was safer, as it didn't depend on individual investors but on the success or failure of the company as a whole, and the East India Company had a Royal Charter, which gave it extensive powers abroad, thus further increasing its chances of success.

Banking took off from the middle of the seventeenth century in parallel with the growth in international trade, later providing bills of credit (in effect, early bank notes), which could be used in lieu of coin and were a much safer way of transferring money from one country to another. It took the risk away from individual investors and traders and spread it across all the bank's members.

Slaving needed a high level of investment at each leg of the voyage, although the cash remained largely in Britain, where it was used to procure shipping and initial stocks of goods to trade. Once the trading cycle was complete, goods were sold in Britain for cash, but the middle stages were fuelled by bills of credit. As the systems grew more complex, banks also provided mortgages to buy land for plantations and to buy or sell the enslaved people who worked on them. In this way, enslaved people were used as collateral in complex financial deals.

As Chancellor of the Exchequer, with interests in the SSC, John Aislabie (1670–1742) of Fountains Abbey and Studley Royal (NT), was found to have taken a bribe during a financial crisis in which the share price of South Sea stock collapsed, and he lost his political office.

Houblon & Hankey (1685–1865),¹ of Fenchurch Street, London, were 'traders to Jamaica, Antigua and the Leeward islands'.² In the eighteenth century, the firm of Hankey & Co. handled the accounts of William Beckford (1760–1844), who was described by Lord Byron as 'England's wealthiest son' and who is believed to have owned more enslaved people than anyone else in Britain at the time, having inherited 1,356 slaves and 13 sugar plantations from his father, Alderman William Beckford (1709–70).³ Jacob Houblon III (1710–70) was an MP and a member of the Cocoa-Tree Club chocolate house, who purchased Hatfield Forest (NT), part of the Hallingbury Place estate, in 1729 using the fortune amassed by his large family of bankers and traders. His uncle, Sir John Houblon (1632–1712), was a founding member of the Bank of England⁴ and its first Governor. As the historian James Walvin has noted, when the Bank of

England was founded in 1694, many of its members had made their fortunes through the slave trade, and the stability the bank brought to the economy enabled Britain to pursue the wars that were aimed to protect and further its interests in slavery and colonialism.⁵

Some of the earliest banks to be directly connected with the slave trade were based in port towns such as Bristol, which depended heavily on it. The founders of the oldest bank in Bristol, Old Bank,⁶ established in 1750,⁷ had interests in the trade between Africa and the Caribbean. By 1811 there were thirteen banks operating in the city. The Heywood family of Liverpool invested in over 120 slaving voyages between 1745 and 1789, from which they made a fortune. Heywood Bank was founded in 1773 on the proceeds.⁸

Most owners of enslaved people would have needed to use banking services, especially to manage the transfers of money between countries. William Rutson (1738–93) – grandfather of a former owner of Nunnington Hall (NT) – was involved in financing at least 42 voyages transporting enslaved Africans between 1780 and 1793, while his son was a partner in Ewart Rutson & Co., which traded in cotton and sugar. In 1817, two of his partners had a claim for £15,000 as mortgagees on a sugar plantation in Nevis. Slaves were also used as collateral in raising mortgages or loans from banks and other sources of finance, especially in the southern states of America, where the financing of the trade is still being researched.⁹

By contrast, Jonathan Peckover (1755–1833), the manager of the Wisbech and Lincolnshire Bank and the owner of Peckover House (NT) from the 1790s, was a Quaker who campaigned with other members of his family for the abolition of slavery. In 1896, the bank was amalgamated with 19 other Quaker banks to form Barclays Bank.

Emancipation had two significant impacts on banking. First, it provided cash compensation for former owners, which could be used to found banks or make other capital investments, such as building houses or investing in industry. The Bank Charter Act of 1833 allowed joint-stock (i.e. shareholder) banks to open for the first time in London, a role previously limited to private banks and the Bank of England, and some of these new banks were founded with the proceeds of the slave trade.

Secondly, it created the need for a cash economy in the Caribbean, as the planters now had to pay cash for services that had previously been supplied by enslaved people.¹⁰ The Colonial Bank was founded by Royal Charter in 1836 to trade in the British West Indies and British Guiana, including Trinidad and Barbados. In 1916, it was enabled to extend operations to West Africa and, soon after, worldwide.¹¹ The UCL compensation database¹² lists two of the original managers and three directors of the Colonial Bank, including William Tetlow Hibbert (1792–1881) of Hare Hill (NT) and his family, who were major beneficiaries of compensation claims for 2,654 enslaved people, as owners and as a mortgagee. William was also a director of the Canada Company, involved in the colonisation of Canada, and of the Royal Exchange Assurance Corporation.¹³ The Tetlows had owned firms in London and the West Indies that shipped and distributed sugar and other commodities, owned ships and managed finance and credit.¹⁴

The West India Bank, founded in 1840, was less successful, collapsing in 1847 after the introduction of the Sugar Duties Act by Britain, which removed preferential duty on sugar produced in the colonies. This ‘ruined many of the newly freed slaves who had placed their faith in its viability’.¹⁵

Closely allied to banking was the need to manage the risks to shipping and goods during the voyages – including the enslaved people, who were treated as cargo. Insurance companies, including Lloyds of London, provided insurance for slave ships. It is estimated that ‘Between a third and 40 per cent of the London marine insurance in the eighteenth century was accounted for by the slave trade and by the movement of slave-grown produce across the Atlantic’.¹⁶ Thomas Greg (1752–1832), the brother of Samuel Greg (1758–1834) of Quarry Bank Mill (NT), was a plantation owner and a member of Lloyds, providing insurance for the transatlantic trade of the Hibbert family of Hare Hill (NT), to whom he was connected through marriage. In June 2020, Lloyds of London issued a statement of apology for its role in the slave trade, although this matter has yet to be fully resolved.¹⁷

¹ Now part of the NatWest Group.

² See the ‘Heritage Hub’ section of the NatWest Group website for further details: <https://www.natwestgroup.com/heritage/companies/hankey-and-co.html>

³ UCL *Legacies of British Slave-ownership* website, entry for Alderman William Beckford: <https://www.ucl.ac.uk/lbs/person/view/2146640587>; UCL *Legacies of British Slave-ownership* website, entry for William Thomas Beckford: <https://www.ucl.ac.uk/lbs/person/view/22232>

⁴ From the Bank of England’s ‘Statement in relation to the Bank’s historical links to the slave trade’, published on its website, 19 June 2020: ‘As an institution, the Bank of England was never itself directly involved in the slave trade, but is aware of some inexcusable connections involving former Governors and Directors and apologises for them.’ <https://www.bankofengland.co.uk/news/2020/june/statement-in-relation-to-the-banks-historical-links-to-the-slave-trade>

⁵ ‘When it was set up in 1694, it underpinned the whole system of commercial credit, and its wealthy City members, from the governor down, were often men whose fortunes had been made wholly or partly in the slave trade. The Bank of England stabilised the national finances and enabled the state to wage its major wars of the eighteenth century. These wars were aimed at securing and safeguarding overseas possessions, including the slave colonies, and to finance the military and naval means that protected the Atlantic slave routes and the plantation economies.’ Walvin, James, ‘Slavery and the Building of Britain: Banks and Banking’, BBC History website: http://www.bbc.co.uk/history/british/abolition/building_britain_gallery_02.shtml

⁶ Originally called the Bristol Bank, it became known as the Old Bank after the opening of Miles’ Bank in 1752. Through a series of mergers, the Old Bank was to eventually become part of National Westminster Bank in 1970. See also Manco, Jean, ‘The Beginning of Banks in Bristol’, *Bristol Past* website: <https://www.buildinghistory.org/bristol/banks.shtml>

⁷ Manco, *ibid*.

⁸ Later merged with the Bank of Liverpool, Martins Bank and, in 1969, Barclays Bank. Barclays Bank was founded by the Quaker anti-slavery campaigner David Barclay; for further details, see Historic England’s website: <https://historicengland.org.uk/listing/the-list/list-entry/1062580>

⁹ Sharon Ann Murphy PhD paper on Slavery in the Antebellum South, Yale University Economic History Workshop, 1 May 2017, New Haven, Connecticut (unpublished). For further research in this area: Sharon Ann Murphy, ‘Collateral Damage: The Impact of Foreclosure on Enslaved People during the Panic,’ for a Forum on the Panic of 1819 in *The Journal of the Early Republic*, Andrew Shankman and David Waldstreicher (eds.), University of Pennsylvania Press [forthcoming Winter 2020].

¹⁰ Besson, Gerard A., *The Caribbean History Archives*, Pariah Publishing Co. Ltd, webpost, Aug 2011: <https://caribbeanhistoryarchives.blogspot.com/>

¹¹ See the 'Colonial Bank' page in the 'Archives' section of the Barclays website: <https://www.archive.barclays.com/items/show/5336>

¹² UCL *Legacies of British Slave-ownership* website: <https://www.ucl.ac.uk/lbs/firms/>

¹³ Later incorporated in AXA insurance.

¹⁴ UCL *Legacies of British Slave-ownership* website, entry for William Tetlow Hibbert: <https://www.ucl.ac.uk/lbs/person/view/45849>

¹⁵ Besson, *ibid.*

¹⁶ Nick Draper, former Director of the Centre for the Study of the Legacies of British Slave-ownership, quoted by Reuters online, 18 June 2020: <https://www.reuters.com/article/us-minneapolis-police-protests-lloyds/uk-explainer-london-faces-up-to-former-role-insuring-atlantic-slave-trade-idUSKBN23P2US>

¹⁷ 'At Lloyd's we understand that we cannot always be proud of our past. In particular, we are sorry for the role played by the Lloyd's market in the eighteenth and nineteenth Century slave trade – an appalling and shameful period of English history, as well as our own. In acknowledging our own history, we also remain committed to focusing on the actions we can take today to shape our future into one that we can truly be proud to stand by.' 'Building an inclusive Lloyd's market place', Corporation News section of the Lloyd's website, 10 June 2020: <https://www.lloyds.com/news-and-risk-insight/news/lloyds-news/2020/06/building-an-inclusive-lloyds-marketplace>