SAVINGS BANKS are institutions established by act of parliament, for the safe custody of small sums deposited by the industrious classes, and for the accumulation of such sums at compound interest. The origin of savings banks is comparatively recent. Attempts at instituting such banks were made, on a small scale, at various places in England towards the end of last century and the beginning of the present : attempts of a private and isolated nature, without the benevolent individuals by whom they were made enter­taining any idea of the institution ever becoming general ; and it was reserved for an individual yet living to have the honour of founding an institution which served as a model for such banks, and thus of conferring an unspeak­able blessing on the operative classes. We refer to the Rev. Dr Duncan, minister of Ruthwell in Dumfriesshire. In 1810 he established “the Parish Bank Friendly So­ciety of Ruthwell and during the same year published a pamphlet on the subject, entitled “ An Essay on the Na­ture and Advantages of Parish Banks.” This pamphlet, in which the nature and advantages of these institutions are ably developed, had so great an effect, and the success of the Ruthwell institution had been so remarkable, that “ Parish Banks,” as Dr Duncan called them, but which are now described as Savings Banks, speedily sprung up, not only in most of the principal towns and boroughs of Scotland, but in several remote parishes.

Savings banks in England and Ireland were first taken under the protection of government by the act of 57th Geo.

III. cap. 62, passed in 1817 ; but the first act in support of these institutions in Scotland did not pass till two years afterwards. A savings bank in Scotland, establish­ed under the latter act, is an institution formed by any number of persons who may choose to unite for the pur­pose of receiving deposits of small sums, and who, upon enrolling their rules at the quarter-sessions, acquire the pri­vilege of suing and being sued in the name of trustees. The money and effects of the institution are vested in the trus­tees, for behoof of the depositors. Receipts and other do­cuments used by the bank are exempted from stamp-duties ; and provision is made by the act for a summary mode of settling disputes that may arise between the trustees and depositors. These were all the advantages which the act conferred on savings banks in Scotland. Hence these in­stitutions did not flourish ; the aggregate sums deposited in them at the period (1835) when the privileges of the Eng­lish system were extended to Scotland not being estimated higher than L.100,000.

Various acts were meanwhile passed for the support of these institutions in England and Ireland ; but all these statutes were consolidated in the existing English Savings Bank Act of 9th Geo. IV. cap. 92, passed in 1828, which was amended in a few particulars by the act of 3d Will.

IV. cap. 14. These acts, as previously stated, were extend­ed to Scotland in 1835.

By this statute the whole deposits may be invested in the Bank of England on account with the Commissioners for the Reduction of the National Debt, at the rate of L.3. l6s. 01/2d. per cent. of interest. The savings banks are thus enabled to give a comparatively high rate of interest, which is generally L.3. 6s. 8d., or 3i per cent. Each individual is allowed to deposit any sum from one shilling up to L.30 in a year, and L.150 in all, exclusive of interest; and, in­cluding interest, L.200. The bank is obliged to allow compound interest; and this interest must be made up by law at the end of every year (20th November), and added to the amount belonging to each depositor, even though he does not appear to get his book balanced. The bank is also authorized to receive the funds of friendly societies without limitation, and of benevolent and charitable insti­tutions to the amount of L.300 in all. By this statute the whole funds are required to be invested with the Na­

tional Debt Commissioners, and nowhere else ; and any part of these funds, when required, is repaid by the Bank of England, without regard to fluctuations in the value of the public stocks. It likewise requires security to be given by every person—the treasurer, the actuary, the cashier, the clerks, the office-keeper—intrusted with the receipt or custody of any sum of money belonging to a savings bank ; while neither these functionaries, nor the managers or trus­tees, nor any person having a control or direction in the management, can become depositors in the bank, or derive, directly or indirectly, any benefit from the institution. Annual returns must be made to the National Debt Office, and likewise suspended in the office of the bank, and exhi­bited to depositors ; the manager and trustees being thus directly responsible both to the government and to the public. In short, while the greatest facilities are afforded for the increase of the funds, every possible precaution has been taken to insure their safe custody, and the direct re­sponsibility of the managers. Nay, so liberal is the sys­tem, that the annual general meeting is open by law to depositors of the amount of L.10 ; but, practically speaking, every depositor who chooses is allowed to attend. Besides, the rules and regulations of every savings bank require to be approved by the Commissioners of the National Debt, and certified by the barrister-at-law appointed for the pur­pose, and enrolled at the quarter-sessions of the justices of the peace for the county in which the bank is situated. It may here be mentioned, that, to prevent an abuse of the institution, no person is allowed by law to be a depositor in two savings banks at the same time ; and on joining a savings bank, every person is required to sign a declaration to that effect.

The act 2d and 3d Will. IV. enables depositors in sav­ings banks, and others, to purchase government annuities, for life or for a given number of years, and either imme­diate or deferred. At present these annuities are limited to L.20 a year. The money advanced is returned (but without interest), provided the contracting party does not live to the age at which the annuity is to become payable, or is unable to continue the monthly or annual instalments. The transactions under the act are to be carried on through the medium of savings banks, or by societies established for the purpose. But of this scheme, the classes for whose benefit it was intended have not availed themselves to any great extent.

Since their establishment in 1817, the increase of sav­ings banks has been beyond all expectation. The total sum of money invested by these institutions in England, Wales, and Ireland, amounts at this moment (1841) to up­wards of L.22,000,000 sterling; while in Scotland, since 1835, when the English law on the subject was extended to that part of the united kingdom, the progress has also been very considerable ; savings banks having been es­tablished in most of the principal towns ; while, in many places, such institutions still exist, and are flourishing, under the meagre and defective statute of 1819. The National Security Savings Bank of Edinburgh was founded in April 1836; and on the 20th November 1841, after the lapse of only five years and a half, it had accumulated L.22l,816. l9s. 0d., including interest ; while the aggregate number of de­positors was no fewer than 19,130, of whom 16,149 had balances (including interest) in their favour not exceed­ing L.20 each. Of this bank, 107 charitable societies, whose united deposits amounted to L.5215. 1s. 2d., had availed themselves ; and sixty-two friendly societies, whose gross deposits amountcd to L.2l6,585. l3s. 5d.

The object and principle of this great national institution cannot be too highly commended. In London, and many other parts of England, public banks do not receive small deposits, and upon none do they pay any interest. And even in Scotland, where the public banks allow interest on