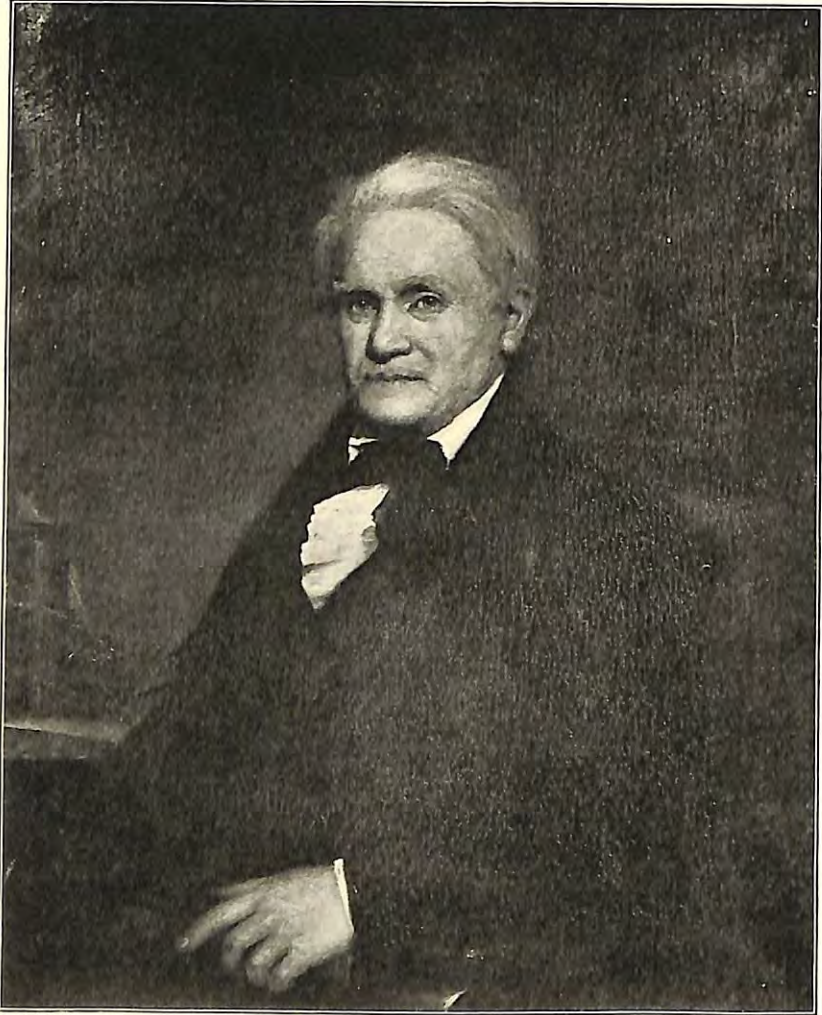




ONE HUNDRED YEARS
OF
SAVINGS BANK SERVICE



From a Painting

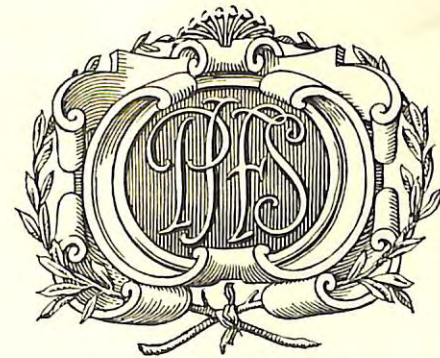
Courtesy of Massachusetts Historical Society

James Savage

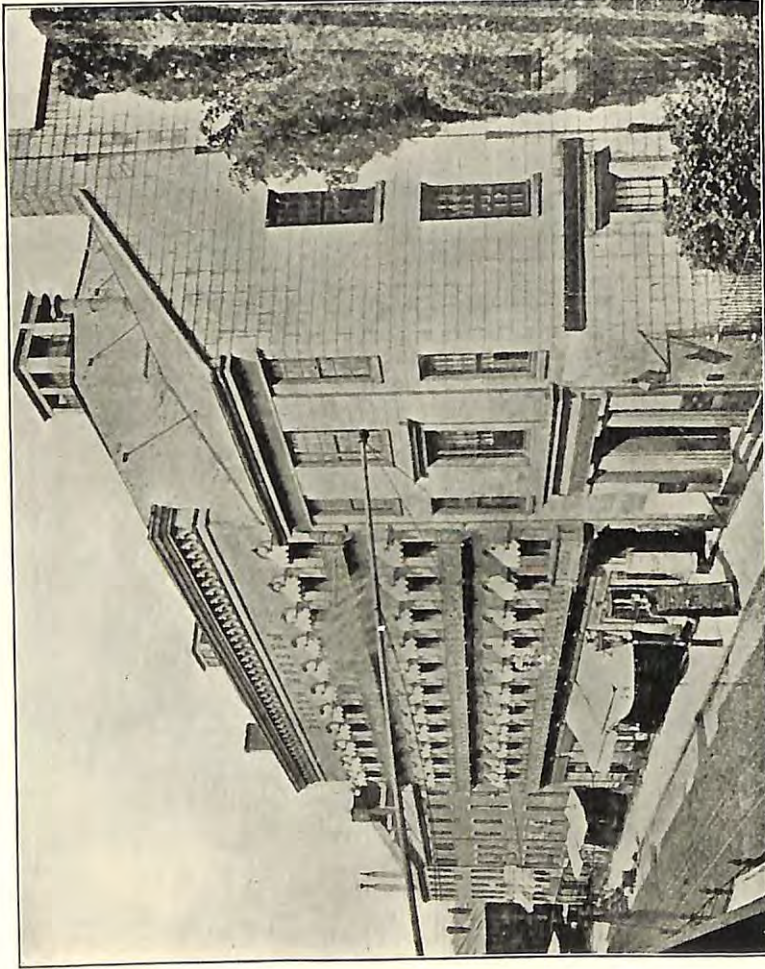
Founder of the
Provident Institution for
Savings in the Town of Boston

ONE HUNDRED YEARS
OF
SAVINGS BANK
SERVICE

A BRIEF ACCOUNT of the
ORIGIN, GROWTH and PRESENT CONDITION
of the
PROVIDENT INSTITUTION for SAVINGS
in the Town of
BOSTON



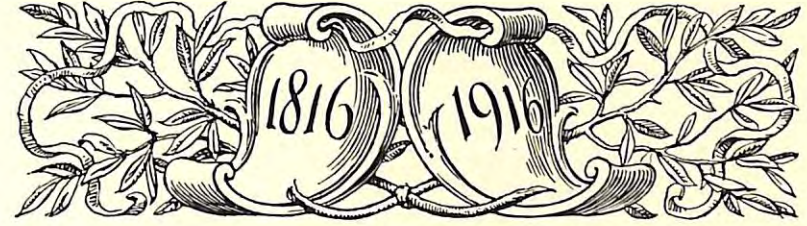
Presented by
The Provident Institution for Savings
in the Town of Boston
1916



From a Photograph

Boston. Allicanum

A view of Tremont Street, showing the Boston Museum, and on the right the building occupied from 1833 to 1856 by the Provident Institution for Savings.



ONE HUNDRED YEARS OF SAVINGS BANK SERVICE

THE Provident Institution for Savings in the Town of Boston is one hundred years old. It bears the distinction of being the first savings bank to be incorporated in the United States, and the second in the country to be established. It was incorporated December 13, 1816, and began business February 19, 1817, in the old courthouse on Court Street, which was erected in 1770 and torn down in 1831.

To James Savage, lawyer, scholar, and philanthropist, more than to any other person, the Institution owes its existence. He first became interested in the project of establishing a savings bank while visiting in Gardiner, Maine. In a letter to Mrs. Robert Hallowell Gardiner, dated November 6, 1816, he says:—

“I saw over the fireplace at Gardiner a plan on a single sheet of paper of the Institution in England (London) for the Savings Banks. . . . Though I did not half read, I was much occupied with the subject on my way up, and find it a very desirable project to introduce here.”

Mr. Savage interested a number of prominent gentlemen in the project, and the result was the founding of the Provident Institution for Savings in the Town of Boston. He fought a brave battle against the apathy, distrust, and even the ridicule with which many prominent men of his day met the project, and finally launched the Institution safely upon its successful career. So interested was

he that he not only made the first deposit,—ten dollars,—but he paid from his own pocket the extra dividend, asking to be repaid only when it could be done without interfering with the Institution's investments.

In many ways Mr. Savage was a remarkable man. He was born on Winter Street, Boston, July 13, 1784, and was the son of Habijah Savage, a Boston merchant. Graduating from Harvard in 1803, he studied law with Chief Justice Parker, Samuel Dexter, and William Sullivan, and in 1807 was admitted to the Suffolk bar. He became librarian of the Massachusetts Historical Society in 1814. In 1820 he was a delegate to the Massachusetts Constitutional Convention, and in 1823 and 1825 he served in the Boston Common Council. He was a state senator in 1826, and a Boston alderman in 1827 and 1828. He received the degree of LL.D. from Harvard College in 1841, and the same year became president of the Massachusetts Historical Society, which office he filled for fourteen years. One of his last public speeches was made in 1864, after the death of Jared Sparks. He was secretary of the Provident Institution for Savings from 1816 to 1823, treasurer from 1824 to 1838, and president from 1861 to 1862.

Besides being an honored officer of the Provident Institution for Savings and the Massachusetts Historical Society and filling various state and city offices, Mr. Savage was one of the founders of the Boston Athenæum, an editor of *The Monthly Anthology*, and a contributor to *The New England Magazine* and *The North American Review*. Among his literary labors were two Editions and Annotations of Winthrop's "History of New England from 1630-1649," "Gleanings for New England History," and a "Genealogical Dictionary of New England." Thorough, painstaking, and earnest, but with a keen sense of humor, Mr. Savage won many friends whom his occasional fiery outbursts of temper never lost him. At a meeting of the Wednesday Night Club of 1770, held at the home of Hon. Robert C. Winthrop, he met Thackeray, the English novelist, and when the author next saw Mr. Winthrop, he exclaimed, "I want to see that quaint, charming old Mr. Savage again." His last utterance as he lay dying on March 8, 1873, struck the keynote of his whole useful life. Rousing himself from his stupor when a relative asked him how he did, he answered, "Bravely."

WILLIAM PHILLIPS, THE FIRST PRESIDENT

William Phillips, the first president of the Provident Institution for Savings, was born April 10, 1750. Delicate health in childhood prevented him from getting a full public school education. He travelled in Europe in 1773, returning to Boston in a tea-ship in 1774. He engaged in business with his father before and after the Revolution, and at his father's death in 1804 inherited a large fortune. He served in the legislature and as presidential elector at several elections, and was Lieutenant-Governor of Massachusetts for some time. He gave largely to charity, and was of a generous, affectionate, and retiring disposition. From 1816 to 1827 he was president of the Provident Institution for Savings, and at his death he was president of the American Education Society, General Hospital Corporation, Trustees of Phillips Andover Academy, Massachusetts Bible Society, Boston Dispensary, Foreign Mission Society of Boston and Vicinity, Congregational Charitable Society, and Society for Propagating the Gospel.

CONDITION OF THE COUNTRY WHEN THE BANK COMMENCED BUSINESS

It is interesting to glance at the condition of the nation and Boston in 1816 when the bank opened its door for savings.

The War of 1812 marked the beginning of the change of the United States from a commercial and agricultural nation to a manufacturing country. Before the war the American people had engaged chiefly in shipping and the production of raw materials, and obtained the great bulk of their manufactured goods from abroad. Jefferson's Embargo, the Nonintercourse Act, and the War of 1812 struck heavy blows at American commerce and acted as a high protective tariff in keeping out foreign goods. Capital abandoned the no longer profitable shipping industry and embarked in manufacturing. Unable to import manufactures, the country began to make them itself. Cotton and woollen mills, iron and steel furnaces, and numerous other industries sprang up as if by magic, and an era of great prosperity began.

Then came peace, and with it disaster to American industries. Manufactured goods in huge quantities poured into the country from abroad and sold at prices far lower than the American manufacturers could charge. Factories and mills shut down, men were thrown out of employment, and a wail of distress and a vigorous demand for protection went up from the industrial sections. The result was the protective tariff of 1816.

Quite as precarious in 1816 was the monetary condition of the country. It was an era of inflated and depreciated currency, of "wild-cat" banks, of "shin-plasters" and almost worthless bank notes. Specie was withdrawn from circulation, and the country was flooded with paper money issued by state and private banks and local associations, many of which were on the verge of insolvency. The charter of the first United States Bank had expired in 1811. Secure from the competition of the government, a great number of private banks and joint-stock companies at once obtained charters and began to flood the country with bank notes which were in many cases unsecured by any provision for redemption. In 1816 the number of banks issuing paper money was thrice that of 1811, and in these five years the volume of circulation increased from \$45,000,000 to \$100,000,000. Notes of as low a denomination as 2½ cents were in circulation.

As the tide of bank notes swelled, their purchasing power dropped. Paper money issued by the Baltimore and Washington banks fell to 22 per cent below par value; that by Philadelphia banks, to 18 per cent; that by New York banks, to 10 per cent. Massachusetts and New York strove hard to combat the evils of the depreciated currency and limited the issues of their banks, but the newer and poorer sections of the country hungered for cheap money and got it in satiating quantities. Bank after bank refused to redeem its notes in specie, and in 1814 there was a general suspension of specie payments everywhere but in Massachusetts. Nothing but depreciated paper circulated, and the federal government found it impossible to get specie in payment of taxes. Conditions grew so bad that business began to demand a second United States Bank to regulate the currency.

At such a perilous time of financial disorders, it is small wonder that a number of prominent Boston gentlemen began to consider

the expediency of establishing a savings institution in which the surplus earnings of the people would be secure against the dangers that threatened the wage-earner on every hand.

BOSTON IN 1816

In 1816, when the Provident Institution for Savings was founded, Boston was vastly different from the city of to-day. Imagine a town of about 40,000 people, with narrow, crooked streets and winding lanes, lighted by feebly burning oil lamps, its settled part a peninsula about one square mile in area joined to the mainland by a narrow neck, often overflowed so that the city became an island, and the present Back Bay district covered with water. The town was without street cars, electricity, telephone, telegraph or gas, with no running water or sewerage system, with no railroads, no ice chests, no steam and hot-water heat, and none of the countless other modern conveniences.

Communication was by stage-coach and sailing ship, and was slow and uncertain. The postage on a letter from Boston to New York was 18¾ cents. The days of fast freight and refrigerator cars were yet in the future, and the Boston markets were supplied with produce from the Vermont and New Hampshire farms by farmers, who drove in from the country, with wagons or "pungs" piled high with barrels of turkeys and geese, cheese, ball-butter, pork, "Shaker" flannels, knit underwear, and other rural products which were either sold for cash or exchanged for manufactured goods.

The cry of the chimney sweep, "Sweep O! Sweep O!" roused lazy slumberers from their early morning naps; while later in the day the good housewife hastened to her door to answer the call of the oysterman, "Oise, buy m' oise!" or the "Lob, buy lob!" of the lobster peddler, trundling his creaking blue-and-red wheelbarrow through the rambling streets. As the shades of night began to fall, the lamplighter appeared with his short ladder and blazing torch, and went from post to post kindling the street lamps.

Houses and public buildings were lighted by oil lamps or candles of tallow and spermaceti. Ladies often surveyed with tears the grease spots on their beautiful gowns, caused by tallow dripping from the candles in the chandeliers at a dance or reception. The

bedchambers were so cold in winter that the warming pan was in constant use. In 1816 steam, hot water, and hot air to heat buildings were unknown, and coal was scarcely used except in parlor grates. It was commercially spoken of as "Newcastle" or "Liverpool," for the coal mines in Maryland and Virginia and Pennsylvania were not worked so early as 1816. All the coal came from abroad, and most of it from the two English ports named. There were no reliable matches, and fire was obtained by the use of flint, steel, and tinder box. The method was so complicated and inconvenient that tapers were kept lighted all night in fire-engine houses and other places where a light was apt to be quickly needed at any moment.

There was no running water in houses, and the maid or housewife must needs get water for the bath, bedroom, and kitchen at the nearest outdoor pump. Slops were poured into the gutter. Ice-chests were unheard of. To keep her milk and food in warm weather, the housekeeper of 1816 relied upon a "safe," a box with open wire sides but covered at the top, which protected her viands from flies and yet exposed them to the air.

There were only two important libraries in Boston in 1816 to which many citizens had access, the Boston Library and the Athenæum on Tremont Street. But the town boasted of numerous taverns, some of them frequented chiefly by people from a particular locality. Thus Norfolk County visitors usually put up at the Lamb Tavern, which stood on the site of the Adams House; "down easters" stopped at the Eastern Stage House in Ann Street; while the Exchange Coffee House on Congress Street was the headquarters for the well-to-do people of Essex County.

Ropewalks stood south of Charles Street, and at high tide the water flowed across the street and flooded the lower part of the Common, which was a swamp covered with salt water grass. The Back Bay was a bay in reality. On January 1, 1816, the post-office was located at the corner of Water and Congress Streets, with Aaron Hill as postmaster. Cornhill, first called Market Street, was laid out in 1816, and the same year Shrimpton's Lane, long the resort of sellers of lottery tickets, was given its present name, Exchange Street.

Pearl Street and Fort Hill were fashionable residential sections. Fort Hill boasted of many fine three and four story brick houses,

and on Pearl Street were handsome mansions standing back many feet from the sidewalk, with fine green lawns and chestnut trees in front. On the site of Temple Place a colonial house surrounded by a brick wall and a grove of trees was built in 1684, and here dwelt General James Swan. The General was one of the heroes of the Revolution, and the house staged many a thrilling scene during the struggle for independence. The Swan estate comprised over an acre, extending from St. Paul's Church to and along West Street. From 1815 to 1828 it was run as an outdoor amusement place and known as Washington Gardens.

For a hundred years a blind alley or passage called "Turnagain Alley" led into the estate from the Common, and in 1830, when the estate was broken up into house lots, twenty lots were laid out along Turnagain Alley and its name was changed to Temple Place, so called from a Masonic Temple which was built on the north corner of the alley and Tremont Street. Some of Boston's most prominent men bought lots on Temple Place and built fine brick mansions there. In 1833 Thomas Handasyd Perkins, who was then living on Pearl Street, purchased a lot fifty-five feet wide near the middle of Temple Place and built on it one of the largest and most imposing houses in the city. The next lot to Mr. Perkins's on the east was purchased by R. B. Forbes; Mr. Perkins's son-in-law, Thomas G. Cary, occupied the next lot on the west, while across the street was the house of another son-in-law of Mr. Perkins, W. H. Gardiner. Mr. Perkins was born on State Street, and when a child of six saw the bodies of the Boston Massacre victims after that memorable riot was over. He was one of Boston's foremost merchants and the benefactor of many of her institutions. At his death in 1854 his estate on Temple Place was purchased by the Provident Institution for Savings, which still occupies it.

James Savage, the Institution's chief founder, bought the first lot on the south side of Temple Place and lived there with his son-in-law, Professor William B. Rogers, who became the first president of the Massachusetts Institute of Technology.

Not until 1864 was Temple Place extended to Washington Street. The name was changed to Autumn Street on May 15, 1865, but it reassumed its old name eight days later. Four years later Temple Place was rechristened Avon Street, but this change also was short-



From a Photograph

Bostonian Society

Scollay Building

SCOLLAY SQUARE

Which stood on the site of the present subway entrance. In this building the Provident Institution for Savings had its offices from 1823 to 1833.



lived, for in June of the same year, 1869, the old name was restored. The street was built up quite slowly, and in the early fifties the Provident Institution for Savings was the only business house on it.

Having taken a cursory glance at the economic and financial condition of the country in 1816, and at the Boston Town of a hundred years ago, let us return to the story of the Institution which is now celebrating its one hundredth anniversary.

ORGANIZATION OF THE FIRST INCORPORATED SAVINGS BANK IN AMERICA

We have learned that a "scrap of paper" hanging over a mantel inspired Savage to give his time and thoughts to the establishment in Boston of a savings bank. To Bishop Jean Lefebvre de Cheverus, the first Roman Catholic Bishop of Boston, credit is also due. Desiring a secure place of deposit for the earnings of his parishioners, who for lack of a place to deposit their savings were wont to squander them, he made a strong appeal in support of the movement to establish a bank. As a result of the enterprise of Savage and the support of Cheverus, a meeting was held, November 21, 1816, at the Exchange Coffee House, where a number of Boston gentlemen considered the expediency of establishing a savings institution.

Elisha Ticknor called the meeting to order, and James Savage acted as clerk. After an earnest discussion it was "Voted unanimously, that the design of founding such a benevolent institution is highly acceptable to the gentlemen here assembled." Messrs. William Phillips, Samuel Eliot, Josiah Quincy, Rev. William E. Channing, James Savage, Elisha Ticknor, Jesse Putnam, John Phillips, Jonathan Hunnewell, William Cochran, Thomas Dawes, and Richard Sullivan were chosen a committee to apply to the General Court for an act of incorporation, and to draw up a plan for the Institution, with regulations and by-laws.

In their application for incorporation, the committee "humbly express the opinion that an institution, by which all classes in the community may be encouraged to the practice of frugality and especially industrious mechanics, either journeymen or masters, seamen, laborers, and men of small capital, widows and others—

THE PROVIDENT INSTITUTION FOR SAVINGS

IN THE
TOWN OF BOSTON.

Its office is established at a room in the Old Court House, in Court Street. It will be open only every WEDNESDAY from 9 to 2 o'clock.

The President is
His Honor WILLIAM PHILLIPS, Esq.

The Vice Presidents are
JOHN PHILLIPS, SAMUEL PARKMAN, JAMES PARKING, JAMES PRINCE, JOHN LOWELL, RUSSELL STURGES, JOSEPH QUINCY, JONATHAN HUNNEWELL, OZIAS GOODWIN, REDFORD WEBSTER, DANIEL D. ROGERS, JOSEPH COOLIDGE, JUN.

The Trustees are
Jesse Putnam, Elisha Ticknor, John Richards, Rev. Dr. Baldwin, John D. Williams, John Bellows, William Mackay, Thomas L. Windthrop, John L. Sullivan, Samuel Stedding, William Little, John Dorr, Samuel H. Walker, William Harris, Andrew Ritchie, Benjamin Rich, Gilbert Snow, David Greenough, Samuel May, Gedney King, William Cochran, Thomas Moley, William Rogers, James Savage.

JAMES PRINCE, *Treasurer.*

This design of this Institution is to afford to those, who are desirous of saving their money, but who have not acquired sufficient to purchase a share in the banks or a sum in public stocks, the means of employing their money to advantage, without running the risk of losing it, as they are too frequently exposed to do by lending it to individuals, who either fail or defraud them. It is intended to encourage the industrious and prudent, and to induce those, who have not hitherto been such, to lessen their unnecessary expenses, and to save and lay by something for a period of life when they will be less able to earn a support. To promote these desirable purposes, the following rules among others have been adopted.

Deposits, or monies put in, will be received as low as one dollar, and when any person's deposits or payments shall amount to five dollars, they will be put upon interest; but deposits made at any time between the quarters ending the third Wednesdays of April, July, October and January, will not be put upon interest till the third Wednesday of the quarter succeeding the deposit. The reason is, that it would be impracticable to compute interest on numerous deposits, unless it is made to commence from a few fixed periods.

No business can be done at the office but on Wednesday from 9 o'clock to two. This is to save expense to those, who put in their money, who would otherwise be obliged to pay more for the time of the clerks, if they were to attend every day.

Twice every year, namely on the third Wednesday of every July and January, a dividend or payment of interest of two per cent. or two dollars on a hundred will be made. This will amount to four dollars on every hundred every year, and so a proportional sum for any sum less or more than one hundred dollars.

Although only four per cent. is promised yearly, yet every fifth year, all the extra income, which has not before been paid and divided, will then be divided in just proportion to the length of time the money has been in, according to the by-laws; and nothing will be deducted from this extra income, but the actual expenses paid for carrying on the business and taking care of the money.

The Trustees will take no emolument or pay for their services, having undertaken it solely to promote the interest of the town, and of the persons above described, who may put their money therein.

Those, who do not choose to take their interest from time to time, may be assured that it shall be added to their capital or sum put in, and shall be put upon interest, after three months. Thus they will get compounded interest on what they let remain, which they cannot do in any other way by law.

It is plain this institution and mode of placing money will be safer than lending it to individuals.

But people may become sick, or otherwise want their money, after they have put it in. It is provided, that they may take it out when they please, but the days of taking it out are the third Wednesdays of January, April, July and October, and they must give one week's notice before these days that they intend to call for their money. The reason of this rule is this.

If the money could be called for any day in the year, the Trustees could not lend it out or employ it to the advantage of those who put it in.

Monies put in, will be entered in a book of the Corporation, and also in a book to be given to those who put it in. This book will be the evidence of their property, and as valid as a note of hand. When monies are called out, this book given to the depositor must be brought to the office to have the payment entered. Persons may take out the money themselves, or in case of absence or sickness, it will be paid to their order, properly witnessed and accompanied by the book.

If persons die, who own money in the Saving's Bank, the money will go to their heirs, or persons to whom they may have given it by will, with certainty. It cannot be placed where it will be more safe, as it respects the honour and fidelity of management.

Persons who put in money must sign the rules, and agree to conform to them. This is necessary for the security of all parties.

No sums above one thousand dollars will be received; and the Trustees have a right to pay off any depositor, who has more than one thousand dollars in the Society. This is because the object of the Institution is to aid and assist the poorer and middling classes of Society in putting their money out to advantage.

Monies may be deposited by any persons for the benefit of a minor or other person, and not subject to be withdrawn, if they please so to order at the time of putting the same in.

This plan will be particularly useful to seamen bound on a voyage, or soldiers, or other persons, who come in possession of money, received by way of wages, prize money, or gifts and gratuities, for which they have no immediate use, and which they would wish to lay by for a rainy day.

Widows and children may also in this way be provided for.

A young man, intending to marry at a future day, and young women, who may expect to change their condition, can here safely lay up a sum against a time when they may want it more.

Tables are added, showing how much the smallest savings will amount to in 5 years and also in ten years. Also how much 100 dollars put in, will amount to in 5 and 10 years.

Twenty-five cents a week laid by, and paid in as soon as they amount to one dollar and continued for 10 years will produce as follows:

In 1 year to	13, 12
2 years to	26, 77
3 years to	45, 57
4 years to	53, 73
5 years to	71, 12
10 years to	157, 41

50 cents saved and deposited in the same manner will amount

In 1 year to	26, 39
2 years to	53, 83
3 years to	82, 38
4 years to	112, 09
5 years to	146, 59
10 years to	598, 30

3 dollars and 33 cents a month saved will amount

In 1 year to	40, 60
2 years to	82, 84
3 years to	126, 79
4 years to	172, 52
5 years to	220, 09
10 years to	488, 39

1 dollar saved each week will amount

In 1 year to	52, 78
2 years to	107, 70
3 years to	164, 83
4 years to	224, 27
5 years to	286, 12
10 years to	634, 89

10 dollars now put in will amount

In 1 year to	10, 40
2 years to	10, 82
3 years to	11, 26
4 years to	11, 73
5 years to	12, 19
10 years to	14, 86

100 dollars put in will amount

In 1 year to	121, 96
2 years to	148, 59
3 years to	164, 83
4 years to	172, 52
5 years to	184, 59

But, as is hereafter remarked, the extra dividends probably in 10 years, on 100 dollars, will amount to 16 dollars on 100; so that 100 dollars, now put in, will amount in 10 years to . . . 164, 59 even supposing the first extra dividend to be taken out for the wants or expenses of the depositor.

In addition to the interest above calculated, which is certain, there will be, every fifth year, a dividend or payment to each person, whose money shall have remained there during five years, of probably not less than eight per cent. or eight dollars on every hundred, and possibly even ten dollars on every hundred. This is a great encouragement and inducement to persons, who are prudent, to let their money lie, as the gain will be so much greater; and it will be a still greater benefit to those, whose money burns in their pockets, because this part of their income they can touch only once in five years, and it is hoped that in that time they will have acquired habits of greater frugality and prudence.

that they do not expect or desire any benefit or profit to themselves other than is enjoyed by every individual of the Commonwealth; for the success of such a design, they are willing to devote a part of their time, without reward, to the management of such a charity—and give the profits of the establishment in due proportion to the depositors.”

The petition was granted, and on December 13, 1816, the Provident Institution for Savings in the Town of Boston was incorporated. As Boston did not become a city till 1822, the title shows the age of the Institution. It was the first savings bank to be incorporated in the United States, and, as far as can be learned, this charter issued to the Provident Institution for Savings was the first public act of legislation in the world which recognized the beneficent character of savings banks and gave them the sanction and protection of the law. Although before 1816 there were savings banks in England and Scotland,—called in England “Provident Institutions for Savings,”—they were purely voluntary associations until 1817, when Parliament passed the first act giving protection to savings banks.

The original incorporators of the Institution numbered forty-eight, and included Lieutenant-Governor William Phillips, United States Marshal James Prince, two judges, four lawyers, three clergymen, five mechanics, and thirty-two merchants. William Phillips was elected the first president, and called the incorporators together for their first meeting on December 18, 1816, at the hall of the Massachusetts Bank, which stood on the site of 60 State Street. Mr. Phillips was president of the Massachusetts Bank, and to this is probably due the selection of that place for the first meeting. A number of new members of the society were elected, and then after due consideration a system of by-laws was adopted. The first by-law was as follows:—

“Object of the Institution, To provide a safe and profitable mode of enabling industrious persons of all descriptions to invest such parts of their earnings or property, as they can conveniently spare, in a manner which will afford them both profit and security.”

The by-laws provided that the affairs of the Institution should be managed by thirty-seven trustees, including a president and twelve vice-presidents, these trustees to have power to elect a

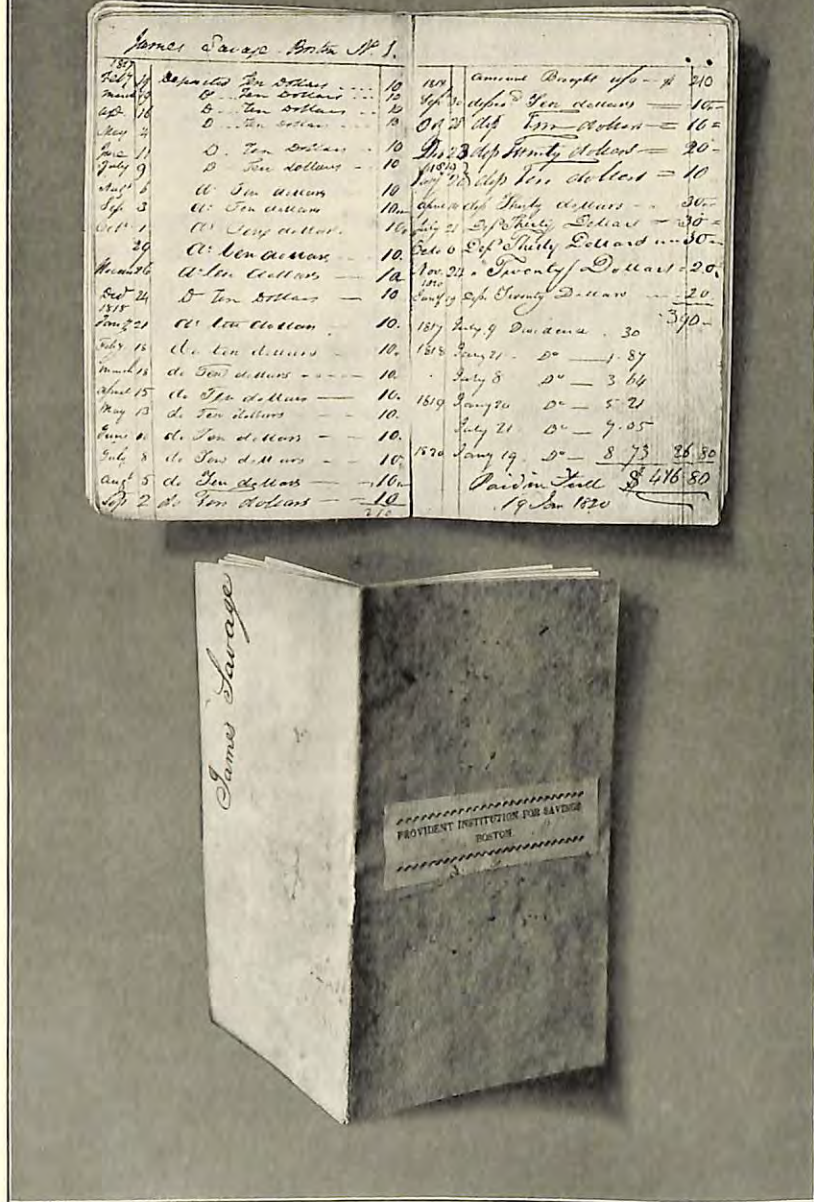
treasurer and other necessary officers. The trustees were to be elected by the members of the corporation at an annual meeting, and to hold office for a year. This form of management has been maintained to the present day. It was provided that one dollar should be the smallest deposit allowed, and that five dollars should be the smallest amount to draw interest, the rate of which was fixed at 5 per cent per annum. The money deposited was to be invested either in the stocks of the United States, the stocks of the State of Massachusetts, the capital of Boston banks, the capital of the United States Bank, or in private securities, as a standing committee should decide. No trustee or officer was ever to be a borrower. Once in every five years an extra dividend was to be paid those depositors who had had accounts in the Institution for a year or more, in proportion to the length of time that the accounts had been standing and to their respective amounts.

The first officers and trustees were as follows:—

His Honor William Phillips, president; John Phillips, Samuel Parkman, James Perkins, James Prince, John Lowell, Russell Sturgis, Josiah Quincy, Jonathan Hunnewell, Ozias Goodwin, Redford Webster, Jonathan Amory, Jr., Joseph Coolidge, Jr., vice-presidents.

Jesse Putnam, Elisha Ticknor, John Richards, Rev. Dr. Baldwin, John D. Williams, John Bellows, William Mackay, Rev. William E. Channing, John L. Sullivan, Samuel Snelling, William Little, John Dorr, Samuel H. Walley, William Harris, Andrew Ritchie, Edward Tuckerman, Jr., Gideon Snow, David Greenough, Samuel May, Gedney King, William Cochran, Thomas Motley, William Ropes, James Savage, trustees.

The trustees held their first meeting on December 20, 1816. Joseph Head was elected treasurer and James Savage, clerk. Mr. Head and Mr. William Cochran were chosen as a committee to secure and furnish office quarters, and Messrs. Head, Putnam, Ticknor, May, and Motley to provide the necessary books. Messrs. Lowell, Perkins, Prince, and Savage were directed to draw up a scheme of office regulations. No compensation for the treasurer was provided for, but Mr. Head agreed to accept the office without compensation “if all that were necessary would be the general oversight and direction of the clerk who shall receive, the depositing the whole sum received daily, and investing, but not to keep the books per-



From a Photograph

Original in the Massachusetts Historical Society



Deposit book of James Savage, showing on February 19, 1817, the first deposit in the Provident Institution for Savings in the Town of Boston.



sonally or do most of the personal service that may be necessary in the office." Mr. Head afterwards declined to serve, and at the trustees' meeting of February 11, 1817, James Prince was elected treasurer.

Evidently some of the trustees were inclined to give up the whole project of establishing a savings institution, even though it had already received a charter, for the records of the second trustees' meeting held on December 24, 1816, speak of a "discussion of great length and animation" concerning the office of treasurer, and add:—

"Doubts of the feasibility of our project, consistently with the by-laws of the Society, were suggested by Mr. Quincy, Mr. John Phillips, and Mr. John L. Sullivan, who were replied to by Mr. Lowell, Mr. Cochran, and Mr. Savage." Finally it was voted, "That the whole subject of the Institution and by-laws, including especially the expediency of altering the conditions on which deposits shall be received, be committed."

After a long discussion an agreement was reached at the meeting held February 4, 1817. The plan providing for the repayment of money to depositors at pleasure was discarded, and the depositors were authorized to draw money out semiannually or annually, with the proviso that depositors should have the choice of receiving their deposits in stocks owned by the corporation or in cash, at the current value of such stocks at the time of withdrawal. It was also voted that when a depositor's account amounted to a hundred dollars the corporation should have power to oblige him to receive his deposit either in cash or stock at its option.

The first office was opened on the first floor of the old courthouse, which stood on the south side of Court Street about where the present City Hall Annex is. Probably this location was chosen because Treasurer James Prince, who was United States District Marshal, had his office there.

At a meeting on February 11, 1817, the trustees voted that no person should be allowed to have over \$500 on deposit, except what was due on interest or dividend, but two days later the president's suggestion that the limit on deposits be raised to \$1,000 was adopted. At this same meeting on February 13, 1817, it was voted that a committee be appointed to apply to the Court of Sessions for

permission to use free of charge the room in the old courthouse then occupied by the Institution.

On November 10, 1818, the trustees decided that the total sums received and remaining under the management of the Institution should not at any time exceed \$300,000, and also that no deposits should be received from any corporate bodies, or any deposit from any one person at one time or on one day larger than \$100 unless the depositor were a sailor desiring to deposit his wages. Later, on July 18, 1820, the trustees voted to increase the aggregate fund from \$300,000 to \$400,000.

A very important step was taken by the Institution on August 22, 1820, when the trustees decided to establish a board of investment, to be composed of three trustees, one vice-president, the treasurer, and secretary. This board was to direct all the Institution's financial matters. Meeting every Thursday at one o'clock, it was to receive and act upon all applications for loans and have charge of all transfers of stock. Not less than three members constituted a quorum, and the consent of all present was necessary for every action.

The sphere of the Institution's activities was greatly enlarged in 1822, for on April 23 of that year it was decided to accept deposits not only from persons living in Boston and Charlestown, but in Quincy, Milton, Dorchester, Dedham, Roxbury, Brookline, Waltham, Brighton, Newton, Weston, Cambridge, Watertown, West Cambridge, Medford, Saugus, Malden, and Chelsea. Apparently some of the trustees were opposed to allowing gentlemen of the cloth to become depositors, for the records of the trustees' meeting of January 14, 1823, read as follows:—

“Much conversation ensued on the subject of a sentence in the Treasurer's report, relative to deposits by clergymen, which was closed by the adoption of a motion, made by Mr. Lowell, seconded by Mr. Williams, that deposits might be received from such persons, at the discretion of the Treasurer, living within the towns mentioned in the note of April last, and being just objects of the care of the institution.”

In 1823 we find the Institution located in new quarters, the Scollay Building on Tremont Street, which stood between Court Street and Tremont Row in what is now Scollay Square where the

Subway Station is. Here the Institution remained for ten years, probably occupying the room which the Boston Athenæum had used from 1807 to 1809.

A committee was chosen on January 18, 1825, to apply to the General Court to grant the Institution authority in case of any act for the enlargement of the capital stock of any Boston bank already incorporated, or in any charter for a new bank in the city, to subscribe to an amount up to one-twentieth of such capital stock.

In 1829 arose the important question of limiting the amount of deposits. The members of the corporation referred the matter to the trustees, who in turn passed it on to the Board of Investment. On March 31 the latter reported in favor of making no change in this respect, and the trustees accepted this report. The Board of Investment wisely said that persons wishing to deposit small sums would be dissatisfied if no more deposits could be received after a certain aggregate amount of deposits was reached, and that if a limit was set on such aggregate amount many depositors would be alarmed and suspicious that something was going wrong in the Institution's affairs at the refusal to accept further deposits. If the limit were set at \$1,000,000, about \$200,000 would be withdrawn in a year at the usual rate of withdrawal.

As to the limitation of individual deposits, the Board of Investment said that if a limit were set under \$500, which was the limit then in force, it could easily be evaded by persons depositing for others. There was little danger of the \$500 limit being evaded, because, no matter how much over \$500 a depositor had in the bank, he would receive only simple 4 per cent interest on \$500 only; consequently, he was tempted to draw out his money when his deposit amounted to \$500, as his account no longer drew compound interest. Then, too, the Board added, the number of depositors was constantly increasing faster than the aggregate amount of deposits, proving that largeness of individual deposits was no abuse.

By the beginning of 1830 the business of the Institution had so grown that it was considering new quarters. The records of January 19, 1830, state that the treasurer had reported that the mechanic who had superintended the erection of the bank's safe had examined it and said that it would be safe in case of fire; but that as more



From a Print

Boston Budget

North Side of Temple Place

About 1868. Showing at the extreme right the building of the Provident Institution for Savings. One of the few business streets in what was then a residential section.



commodious quarters would soon be needed the treasurer moved that a committee of five be chosen to consider the question of increased office room and report to the trustees at their next meeting.

Accordingly a committee was appointed with authority to purchase or lease a suitable property at an expense not exceeding \$20,000, and the General Court was asked to authorize the Institution to hold real estate of this value.

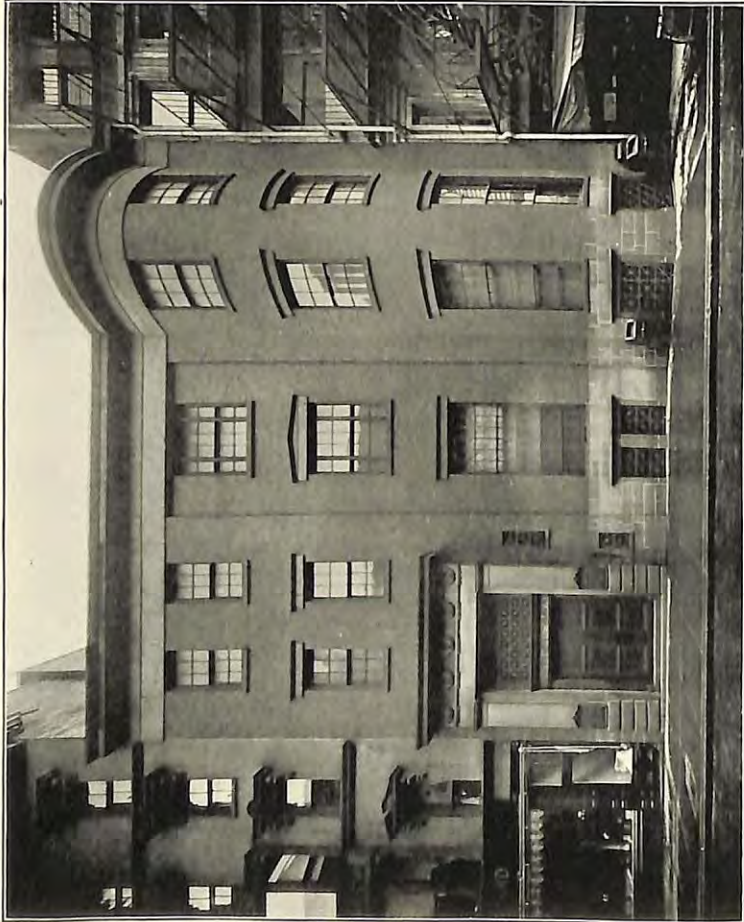
The Institution purchased from Jonathan Phillips for \$6,000 the property on the northeasterly side of the King's Chapel Burying Ground, where the southwesterly end of the Kimball Building now is, at one time occupied by the city of Boston for a Probate Court and Registry of Deeds, and erected a three-story building, to which it moved in 1833. At about the same time the Institution actually sold by deed to the Massachusetts Historical Society the second story and one-half of the attic of the building, with a provision that in case of destruction by fire the Historical Society should be entitled to one undivided fourth of the land. A ten-foot passageway ran between the burying ground and the house which originally stood on the site, and this was used at one time as a way of access to the Columbian Museum, which stood behind the house.

This building was used for more than twenty years, when the growth of the Institution demanded more room, and in 1854 the trustees authorized the Board of Investment either to build a new building on the present site or to buy a new site.

The question was settled when the Institution bought on March 24, 1854, for \$52,500 from Samuel Cabot, Thomas G. Cary, William H. Gardiner, William F. Cary of New York, and Thomas H. Perkins, trustees of the estate of Thomas Handasyd Perkins, the Perkins mansion on Temple Place, where it is now located. The new building was not occupied by the Institution until 1856, in February of which year the Massachusetts Historical Society bought out the Institution's interest in the Tremont Street building.

In July, 1865, the Board of Investment was authorized to make such alterations in the building as the opening to Washington Street, widening, and change of grade of Temple Place might render expedient, and to act as it deemed proper with regard to indemnity from the city.

Apparently the trustees had objected to the extension of Temple



From a Photograph

Taken for the Bank

Home of the Provident Institution for Savings in the Town of
Boston, 36 Temple Place.



SAVINGS BANK SERVICE

Place, desiring a nice quiet location for the bank, but, luckily, their objection had been overruled.

Such portions of the new building as were not needed for the purposes of the bank were leased, until finally the increasing needs of the Institution demanded the use of the whole building. Mindful of its probable growth and the demands of the future, the trustees in 1902 bought the estate at the corner of Winter Street and Winter Place, adjoining the Perkins estate, and in 1906 the whole inside of the building and a portion of the new purchase were remodelled as they exist at the present time. Its present location seems to be well adapted to the convenience of its depositors, to many of whom it is simply known as the "Temple Place Bank."

FINANCIAL HISTORY

While the Institution received its Act of Incorporation on December 13, 1816, the first account was not opened till February 19, 1817, and the deposit was made by James Savage, the founder. The savings bank idea being a new one, people had to be instructed, and the prospectus, a copy of which appears in the history, is said to have been nailed upon trees on the Common. The bank was open for business only one day in the week, and at the end of the first year the deposits amounted to \$67,667.44.

Investments were few in those days, and the first dividends were earned simply from the 6 per cent interest paid by the state banks in which the funds were deposited. During the first year the sum of \$19.61 was also earned by the sale of "Spanish Milled Dollars." A dividend of 2 per cent was paid to depositors for the first six months. The growth of the bank was slow at first, and at the end of ten years the deposits amounted to \$736,972.84, and after fifty years to only \$8,989,038.14. Since that period the growth has been rapid, until at the end of its century of existence the deposits amount to nearly \$55,000,000. Regular dividends have been paid to depositors every six months, varying from 3 per cent to 5 per cent a year. During the period from 1847 to 1877, when interest rates were high, and money was often loaned on mortgages at 7.30 per cent, extra dividends were declared every five years, often as high as 20 per cent, so that the average rate of dividends for one

hundred years has been $5\frac{3}{8}$ per cent. The last extra dividend was declared in 1877. \$63,208,768.39 in dividends have been credited to depositors, and the sum of \$291,853,366.88 has been deposited during the hundred years.

There is a tradition that at the end of twenty-five years, when the deposits amounted to slightly over \$2,000,000, a serious discussion arose in the Board of Trustees as to the advisability of receiving more deposits owing to the difficulty of investment. Since that time the number of safe investments has increased, so that it has become possible to receive and invest the increased amount. During all these years not one cent has been paid to the members of the successive Boards of Investment, or to any of the trustees for the time and experience given to their duties.

The mutual savings bank, such as this bank, is a charitable corporation, as much so as any hospital or other charity. It has no stock or stockholders to whom dividends are paid. It guarantees no dividends to its depositors, but all its earnings after expenses and taxes are paid are either divided among its depositors or laid aside as a guaranty fund to protect the depositors from loss. The guaranty fund of this bank now amounts to \$2,723,280, or 5 per cent of its deposits. The bank has weathered all the panics which have occurred in the United States since 1816. It has never closed its doors, and has paid its depositors when they asked for their money, though once or twice in the case of "currency panics" it has been obliged to give checks payable only through the Clearing House.

Its 105,000 depositors, though largely living in Massachusetts, are scattered over the whole world. Hardly a day passes without a letter from a depositor in some distant place, and the holders of bank books feel that they can travel where they like, and send and get their money at any point by check or draft on some bank near to where they are located.

The seed sown in 1816 has multiplied like the "mustard seed" in the Bible. The idea of the mutual savings bank, evolved at about the same time in Boston, Philadelphia, and New York, has spread throughout the Eastern States, though it has never taken strong root west of the Alleghanies.

To-day Boston, with a population of 745,439 as against 40,000 one hundred years ago, has twenty-three savings banks with de-

posits of over three hundred millions of dollars, and Massachusetts has one hundred ninety-five savings banks with assets of over one billion of dollars, paying a tax to the State of Massachusetts of nearly one million eight hundred thousand dollars.

Can it not safely be said that no institution founded by man has done more real good in the communities where it has been established, and may it not be hoped that the same spirit of devotion and desire for the welfare of others which led to the creation of the savings bank will continue for another hundred years?



GROWTH OF DEPOSITS

Showing the steady increase from 1820 to 1916

1820	\$233,034.53
1824	\$625,334.21
1830	\$986,959.29
1835	\$1,804,093.77
1840	\$2,071,095.59
1845	\$2,904,903.81
1850	\$3,330,068.80
1855	\$5,207,188.75
1860	\$6,501,950.96
1865	\$8,061,173.54
1870	\$10,648,365.76
1875	\$13,450,034.29
1880	\$21,559,360.03
1885	\$26,266,974.95
1890	\$29,582,543.44
1895	\$35,280,435.85
1900	\$38,629,876.17
1905	\$44,410,964.44
1910	\$48,748,507.70
1915	\$52,553,020.65
1916	\$54,850,550.04

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