

## GRINDLAYS BANK

The following is extracted from the book: '100 Years of Banking in Asia and Africa, 1863 – 1963' by Geoffrey Tyson: Chapter XV. Forming New Alliances.. Published in London in 1963. Prints of Indian scenes are by Grindlay.

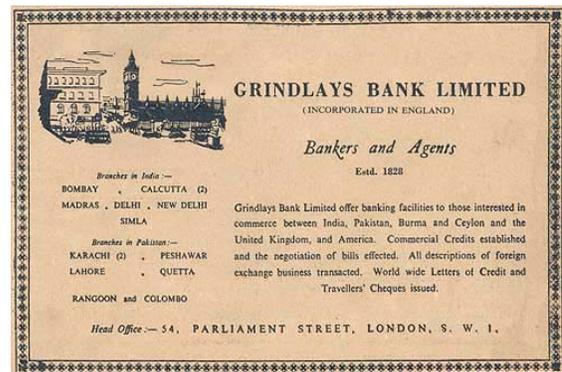


ROBERT MELVILLE GRINDLAY (1786-1877) was that peculiarly English product, the gifted amateur. He was born at St. Mary-le-Bone, then a village near London and, to put the event into historical perspective, it occurred two years after the passing of Pitt's India Act and two years before Warren Hastings' impeachment and trial began. The years of Grindlay's youth were thus a time when Indian affairs loomed large in English life, and at the age of 17 he secured a nomination as a cadet in the East India Company's Army, arriving in Bombay in 1803. A year later he was promoted to lieutenant, and by 1817 he had reached the exalted rank of captain which remained the high water mark of his military career. At the end of 1820 he retired on half-pay, which for his rank amounted to five shillings a day at that period. By this time he was 34 years old and it might have seemed that, with his relegation to a half-pay officer on the strength of the 2nd battalion of the 7th Bombay Native Infantry, his working days were over. Such were the conditions in which upper middle-class young Englishmen of

the period might expect their careers to be moulded.

At this stage a foreshortened and undistinguished record as a soldier and some talent as an artist were pretty well all Grindlay had to offer to the world of business or administration. During his Indian service he had held several staff appointments, including the Secretaryship of the Committee of Embarkation at Bombay, and had been for a time A.D.C. to the Governor of Bombay. We may thus assume that he was personally known to a wide, and probably influential, circle of Anglo-Indian (old style) society. On his return to England Grindlay had married a well connected young lady and he kept up an extensive correspondence with his friends and former colleagues in India, for whom he executed a growing number of personal

commissions of various kinds. Gradually he came to the conclusion that there was scope for making the kind of service he was performing for his friends available to a larger public on a permanent business basis. And so in 1828 an agency known as 'Leslie and Grindlay' was established at an address in Birchin Lane in close proximity to the much grander premises of the East India Company in Leadenhall Street. Leslie's connection with the firm was brief, lasting less

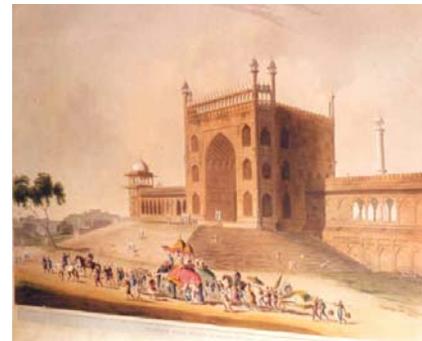


than two years. In 1839 Grindlay took two other partners and the firm became Grindlay, Christian and Matthews, but in 1843 this was wisely contracted to Grindlay & Co. in which form it was to remain for the next 100 years.



Grindlay himself retired from the firm in 1842, by which time he was 56 years old. Thereafter, he made his home at Nice where he resided for the rest of his life, dying in 1877 at the age of 91. From the early retirement and the permanent residence in Nice, we may infer that Grindlay's health was, at that period of his life, a matter of some concern though like many such invalids he lived to a ripe old age. Grindlay was not only a gifted amateur but he was something of a pioneer as well: he had an idea and he fertilised it and brought it to life. The subsequent growth of the business was to a large extent due to the exertions of two families, Matthews and Low. In this

respect Grindlays, though not yet a bank, in fact resembled the many small country banks which were then a feature of English and Scottish commercial life. The era of amalgamations, and the emergence of the great joint stock banks, had not yet begun. Grindlay's irruption into banking was gradual - the result of handling firstly the travel arrangements and then the financial affairs of an increasing number of clients. The office in Birchin Lane was established forty years before the opening of the Suez Canal and when ocean travel was still accomplished by sailing ship. A young cadet going east for the first time was glad to have a reliable business agent to arrange his passage to India and otherwise speed his journey. 'Forty years ago the departure of a cadet for India', wrote Lord Roberts, 'was a much more serious affair than it is at present. Under the regulations then in force, leave, except on medical certificates, could only be obtained once during the whole of an officer's service, and ten years had to be spent in India before that leave could be taken. Small wonder then that I felt I were bidding England farewell for ever when, on the 20th February 1852, I set sail from Southampton with Calcutta for my destination.'<sup>1</sup> By 1852 Captain Grindlay had been in business for nearly a quarter of a century, and his agency was well established in the esteem of the swelling stream of civil and military officials who for many years were to form the backbone of its clientele.



The East India Company's charter had been renewed for a further twenty years in 1833, but this time the Company's trading rights were abolished. There was a further renewal in 1853, but the Company's tenure was cut short by the Mutiny four years later and the placing of British India under the direct government of the Crown in 1858. The decade which followed the Mutiny was the heyday of paternalism; the Army was reorganised and the proportion of European troops was raised from one in six to two in five, whilst the role of the civil service was greatly enhanced. 'The Crown Government showed none of the Company's reluctance to increase European staff and a number of new services were organised ... India has never been flooded with minor European officials in the manner of the French colonies and the whole European staff in civil employ has never exceeded

thirty per million of the population, but the heads of department in each district remained predominantly British until the war'.<sup>ii</sup> During the second half of the nineteenth century the technical services of Government - Railways, Posts and Telegraphs, Irrigation and the like - began to take shape and their officials and families brought grist to the now busy Grindlay mill.



How strong the spirit of enterprise and innovation was in the Agency may be gauged from the fact that, in its very early days, Grindlays supplied for one of the newspapers published in India a weekly budget of home news, specially selected with an eye to the requirements of British people living in the great Dependency. It occurred to the partners of Grindlays that this service might be improved by printing the news in London and despatching the sheets to India by post, so that they would be in the hands of their readers immediately after the arrival of the mails from England. From this it was but a short step to the founding of '*Home News; a Summary of European Intelligence for India and the Colonies*'. The first number was issued on January 7th 1847, and the publication was a success from the beginning, so much so that five years later a special edition was prepared for Australia. The paper was non-political and the dignified manner in which it was conducted earned for it the support of a wide circle. Its editors were men of standing and included Shirley Brooks (editor of Punch) and George Augustus Sala (pictured above from Vanity Fair), for long a famous name in the columns of the Daily Telegraph which, as he explained in a letter accepting the editorship of Home News, had to approve such other journalistic commitments as he accepted. Home News reached a peak circulation of round about 15,000 in 1862. As new means of communicating and disseminating news were evolved its usefulness gradually became less obvious, but it went on satisfying a very real want for half a century. The last issue appeared at the end of 1898. Home News had met a public need and it had made a profit, two considerations which were basic to the Grindlay philosophy.



For the first 26 years of its existence the Grindlay organisation was restricted to a single office<sup>iii</sup> in London. It was not until 1854 that a branch was opened in India. In that year C. J. Groom, who had been for some years on the London staff, was sent to Calcutta to open up in that city and in 1865 another branch was opened in Bombay under the name of Grindlay Groom & Co., which was changed to Grindlay & Co., in 1908. For most of the half-century between 1854 and 1908 the Indian branches were financially and otherwise autonomous, their profits accruing to Groom and the partners whom he took from time to time. By 1908 he was a very old man, and it was clear that existing arrangements could not continue for much longer, certainly not after his death. It was accordingly agreed that Grindlay & Co., London, should make an outright purchase of the interests of Groom and others in the Indian branches. The transaction was put through in 1908, and three years later

Groom died. Subsequently, branches were opened at Simla (1912), Delhi (1923), Lahore (1924), and Peshawar (1926). The predominantly personal and 'official' character of Grindlay's business at this time is reflected in the choice of these places, none of which then had any commercial or industrial pretensions, though all were, at the dates named, important civil or military headquarters.

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Illustration of the Temple of the Ganges, at Prayag, the Temple of the Ganges, from the 18th century.

There are in existence cheques of the year 1838, which indicate that even at that early date Grindlays had begun to engage themselves in the business of banking. Though no precise date can be fixed, the strong probability is that the firm had earlier added the functions of one of the smaller London bankers to its main agency business which was primarily to 'negotiate and procure' sea passages to and from India for its customers, and to clear and ship their baggage which, in those early days of eastern travel and prolonged postings, was of no small dimensions. As time went on other services were added - e.g. insurance - and the

encashment of clients cheques and drafts would lead naturally into the field of banking. A concern which looked after the affairs of its customers as carefully as Grindlays would soon commend itself as a reliable repository for their savings, especially at a time when good banking facilities were not as easily obtainable as they are today. Thus, it was not long before Grindlays were describing themselves as 'Bankers and Agents'. In notes which were published as a brochure for private circulation in Grindlay's own centenary year 1928, T. H. Benger, secretary, and later a director of the concern, asserts that the success of the banking department is to be attributed to the circumstance that from the moment of its small beginnings the partners had the strength of character to impose upon themselves an unusual degree of discipline so that 'at no time were they induced by the prospect of gain to involve their attention or their capital in any enterprise outside their legitimate business'. And it is a fact that the small growing banking connection was remarkably free of the crises and the alarms and excursions which afflicted other similar concerns at various periods in the 19th century.



Who were the men who were most responsible for this smooth and enviable progress through the years? At the centenary dinner in 1928 the first Lord Birkenhead, the then Secretary of State for India who was the chief guest, in a characteristic speech, said 'Captain Grindlay lived until he was 91 and I am assured that no true **Matthews** or no true Low has ever died until he was 90 or over'. With one sad and important exception, the noble Lord's after-dinner jest has been almost

literally true; Grindlays principals have been noted for their longevity. Captain Grindlay's first partner was one James Matthews who joined him very soon after he started the business in Birchin Lane. Matthews lived to be head of the firm and died in 1891, after more than sixty years in its

service. His son James Henry Matthews entered the London office in 1854 and two years later went to Calcutta, remaining in India till 1868 when he returned to England. He lived to be 89 years of age and was still alive at the time of the firm's centenary.

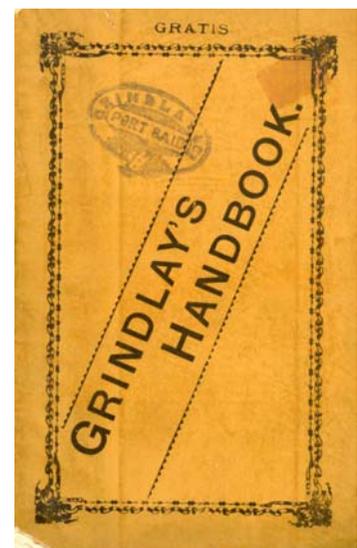
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Besides the famous dynasty of **Matthews** [and the Lows] there were, of course, many others who played a part in building up Grindlay's business and good name. Thomas Grant, manager in India and afterwards a member of the board of directors, and still a member of National and Grindlays West-End Committee, began in 1920 to introduce specifically commercial business into the bank which had hitherto restricted its activities to personal accounts. This was a major departure from the traditions and practices of the past, but it achieved the results Grant hoped for and enabled surplus funds to be profitably employed in what was for Grindlays a new field. But on the whole the conditions which developed after the first world war were not particularly kind to the

smaller private banks serving a specialised public - and this was pre-eminently Grindlays role, however much general commercial business it might bring on to the books later. Macgrigors, army bankers, suspended payment in October 1922. Except for the financial embarrassment it brought to individuals it was not - as bank failures go - a major disaster. But it was a different matter when in the following spring, on April 28<sup>th</sup> 1923, the Alliance Bank of Simla closed its doors. For Grindlays this was coming much nearer home, even though they had maintained the strictest banking principles and committed none of the follies that brought trouble to Macgrigors and the Alliance Bank of Simla. [Crest is National Grindlays]

The directors of Grindlays realised that casualties such as these must reflect upon private banking partnerships everywhere, however well they were conducted and they decided upon an alliance with one of the big English joint stock banks, and in 1924 the interests of the partners in Grindlays were acquired by the National Provincial Bank which became the sole proprietor of the now ninety-six year old business. Part of the arrangement was that a limited company should be formed, which was done, and during the negotiations and ever since, the relations of the former owners of the business with the Court of Directors and the Management of the National Provincial Bank (NPB)<sup>iv</sup> have been of the most cordial and friendly type. Grindlays was left to work out its own salvation with the very modicum of supervision and interference, and the directors who were partners in the old business appreciated the confidence reposed in them by the directors of the great institution (NPB) of which they now formed a part. The first board of directors of Grindlay & Co. Ltd. consisted of Sir Austin Low, **T. J. Matthews** and



Col. Stuart Low from the Grindlay side and, on behalf of the National Provincial, Mr. Ronald Malcolm and Mr. Donald Campbell (later Lord Colgrain) who was to be a member of the Grindlay board for nearly a quarter of a century and thereafter a director of the National Bank of India and finally a member of the National and Grindlay board. His father, the first Baron Colgrain, will perhaps be better remembered as Mr. Colin Campbell who was chairman of the National Provincial Bank for many years and whose family have been associated with the well known firm of East India merchants Forbes, Forbes, Campbell & Co., for several generations. And so for the next quarter of a century Depositors included, amongst others, a high proportion of officials who had to wait many years for the repayment by the liquidators of their money. Grindlays grew and prospered under the patronal care of the National Provincial Bank until in 1948 the latter transferred its proprietary interest to the National Bank of India in circumstances described in the last chapter<sup>v</sup>.

## BIBLIOGRAPHY.

Books by Grindlay or that contain his watercolor prints:

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Author: Grindlay, Melville. Title: *A view of the present state of the question as to steam communication with India : with a map, and an appendix, containing the petitions to Parliament, and other documents.* Published: London : Smith, Elder and co., 1837.

Author: Grindlay, Robert Melville. Title: *Scenery, costumes and architecture, chiefly on the western side of India, by Captain Robert Melville Grindlay.* Published: London, Vol. I published by R. Ackerman and Vol. II by Smith, Elder & co., 1830. [This book can be bought from \$35,000 - \$19,000 depending on its condition]

Author: Roberts, Emma, 1794?-1840. Title: *Hindustan: Its landscapes, palaces, temples, tombs : the shores of the Red Sea, and the sublime and romantic scenery of the Himalaya Mountains illustrated in a series of views* Notes: Some plates by Captain Grindlay, London: Fisher, Son, and Co., Printers, Angel Street.

Works about Grindlay or the Bank. [I have yet to get hold of these]

Author: T. H. Benger. *Grindlays, 1828-1928 [a history of the London banking firm (1928)* 15 pages. [London? The Firm?].

Author: Rohatgi, Pauline. Title: *Amateur artists in western India: James Forbes and Robert Melville Grindlay.* Source: Marg v. 41 no1 (('89) p. 17-34.

Title: *People in finance: Robert Melville Grindlay.* Source: The Banker v. 134 (May '84) p. 82-3.

## ENDNOTES

<sup>i</sup> Forty-one Years in India: from subaltern to commander-in-chief by Frederick Sleight Roberts, 1897.

<sup>ii</sup> *Rise and Fulfilment of British Rule in India*, by Edward Thompson and G. T. Garratt, 1934. The authors point out that in 1913 there were 2,501 administrative and judicial appointments with salaries of over Rs.800 per month; 2,153 were held by Europeans, 106 by Anglo-Indians and 242 by Indians.

<sup>iii</sup> The original Birchin Lane offices (which included a reading room where intending travelers could meet and glean the latest news from India) lasted only a short period and were replaced in 1830 by more commodious premises at 16 Cornhill. A West End reading room was opened at 8 St Martins Place in 1835. The main office was transferred to 63 Cornhill in 1850 and later to 124 Bishopsgate Street. In 1860 there began a long occupation of 55 Parliament Street, Westminster, and in 1897 the opportunity occurred of building the present office on the adjoining site at 54 Parliament Street which has been the centre of the Grindlay organization for the past 66 years during which time it has established itself as a familiar landmark to Britons returning from foreign parts. But alas, 54 Parliament street is scheduled for demolition in 1964 and the main business hitherto carried on there will be transferred to National Grindlays office at 13 St. James Square, a small cash office being retained in the Parliament Street area.

<sup>iv</sup> NATPROBAN (Vol. 9, No. I) the official organ of the National Provincial Bank Staff Association. Grindlay & Co. Ltd. was registered as a limited company on January 7th 1924 and its share capital was purchased by the National Provincial Bank a week later.

<sup>v</sup> This refers to an earlier chapter in Tyson's book in which the merger in India of Grindlays with the National Bank of India took place. Tyson describes the transaction as follows: It was not long before [the independence of India] the National Bank of India was given an opportunity of demonstrating its faith in the new India and Pakistan. The bank was offered, and the board decided to purchase with effect from November 1st 1948, the National Provincial Bank's one hundred per cent shareholding in Grindlay's Bank Limited, a banking and agency concern having a connection with the sub-continent dating back to the year of grace 1828. In the next chapter some of the more important features which have distinguished this remarkable private banking enterprise [Grindlays] from other banks will be considered; all that it is necessary to say here is that in 1924 the National Provincial Bank had acquired the entire share capital of Grindlays, whose deposits in London and II overseas branches amounted to approximately £20 millions by the end of the Second World War. Grindlay's prosperity had been largely built upon business which was almost wholly personal in character, and it was not until 1920 that it began to bring on to its books in India or London any significant number of commercial accounts. Thereafter, whilst retaining a large individual clientele, particularly amongst members of the civil and military services, Grindlays Bank found itself increasingly involved in commercial and exchange operations, whilst in 1942 (which might be thought to be not particularly auspicious moment) they took over the banking business of Thos. Cook & Son (Bankers) Ltd. in London, India, Burma and Ceylon. Banking with a wholly owned adjunct of the National Provincial, Grindlay's clients enjoyed the facilities provided by the National Provincial's network of branches in England and Wales and the Channel Islands; Grindlays, it might also be said, brought business in return to those branches and in this and other ways the connection represented a modest but remunerative investment to the larger bank. But practically all such business came from overseas, and from a part of the world with which the National Provincial itself had no direct or close acquaintance. The contrasting character of the normal business of the great English joint stock bank and that of its smaller overseas adoptee, drawing its strength from large numbers of individual customers and having roots in the historical past of a departed Raj, became all the more glaring with the sweeping constitutional changes in South Asia in 1947 and 1948. All the circumstances in which Grindlays had thrived seemed to be melting away, and it was not surprising that the National Provincial should consider that, for the future, Grindlays ought perhaps to have its ties with a bank more specifically identified with the Asian scene.

### **Some Editors of Grindlay's paper the Home News:**

#### **SHIRLEY BROOKS**

Charles William Shirley Books, was born in London in 1816. He was trained for the law by his uncle, Charles Sabine, and in 1838 was among the first four passed by the Incorporated Law Society. By this time Brooks had acquired a strong interest in writing and began having articles published in Ainsworth's Magazine. Over the next six years he established himself as a journalist

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by working for journals such as the London Illustrated News and The Era. Angus Reach, editor of Man in the Moon, also published Brooks' work.

In 1848 Brooks was rewarded with a permanent post with the Morning Chronicle. The following year Henry Mayhew suggested to the editor, John Douglas Cook, that the newspaper should carry out an investigation into the condition of the labouring classes in England and Wales. Cook agreed and recruited Brooks to a team that included Mayhew, Angus Reach and Charles Mackay. Brooks concentrated on the agricultural districts and he discovered a great deal of inadequate housing, seasonal unemployment and inadequate incomes. In 1853, the Morning Chronicle sent him abroad to cover labor and the poor in Russia, Syria, and Egypt. The letters he wrote during his travels were compiled and published under the title *Russians of the South* (1852).

In 1851 became a staff writer for Punch Magazine, writing a column under the pen-name Epicurus Rotundus. M. H. Spielmann, who wrote a history of Punch, claims that Brooks was “perhaps the most brilliant and useful all-round man who ever wrote for Punch.” Douglas Jerrold described him as the “most promising journalist of the day” and his editor, Mark Lemon, said in 1856 that “Shirley's pen is the gracefulest in London”.

For over twenty years Brooks wrote *Essence of Parliament* for the Magazine. He also continued to contribute to the London Illustrated News.

When Mark Lemon died in May, 1870, Brooks was appointed editor of Punch Magazine. Shirley Brooks held the post until his death in February 1874. Brooks is buried at Kensal Green close to his friends, Henry Mayhew, John Leech and William Thackeray. Brooks was married to Emily Margot Walkinshaw, the daughter of a doctor from Trinidad. Throughout his career, Brooks associated with influential people in the literary field.

The plays he wrote and produced were well received in the literary community and included the following: *The Creole* (1847); *Daughter of the Star* (1850); *The Exposition* (1851); *Olympics* (1861); *Guardian Angel*; *Lowther Arcade*; *Honors and Tricks*; and *Our New Governess*. In addition to his success as a playwright, Brooks published extensively in popular periodicals and also wrote two novels: *Aspen Court*, *A Story of Our Times* (1853), and *Gordian Knot* (1858).



## GEORGE AUGUSTUS SALA

George Augustus Sala, the youngest son of Augustus Sala (1792-1828) and Henrietta Simon (1789-1860), was born on 24<sup>th</sup> November, 1828. After the death of his father, George's mother supported herself and five surviving children by teaching singing and giving annual concerts in London and Brighton.

Educated at the Pestalozzian school at Turnham Green, Sala left at fifteen to become a clerk. Later he found work drawing railway plans during the Railway Mania of 1845. A talented artist, Sala also worked as a scene-painter at the Lyceum Theatre and in 1848 was commissioned to illustrate Albert Smith's *The Man in the Moon*. This was followed by an illustrated guidebook for foreign tourists that was published by Rudolf Ackermann. Other work included prints of the Great Exhibition and the funeral of the Duke of Wellington.

In 1851 Charles Dickens accepted Sala's his article, *The Key of the Street*, for his journal, *Household Words*. This was the first of many of his articles that Dickens published over the next few years. In April, 1856, Dickens sent Sala to Russia as the journal's special correspondent. Sala also contributed to such as the *London Illustrated News*, *Punch Magazine* and *Cornhill Magazine*.

In 1857, Sala began writing for the *Daily Telegraph*. For the next twenty-five years he contributed an average of ten articles a week. Although paid £2,000 a year for his work, Sala, who was an avid collector of rare books and expensive china, was always in debt.

In 1863 Sala accepted the offer of becoming the Telegraph's foreign correspondent, reporting on wars and uprisings all over the world. During the Franco-German War he was arrested in Paris as a spy but was eventually released from prison. He wrote several books based on his travels including *From Waterloo to the Peninsula* (1867), *Rome and Venice* (1869), *Paris* (1880), *America Revisited* (1882), *A Journey Due South* (1885) and *Right Round the World* (1888).

After leaving the *Daily Telegraph* Sala moved to Brighton where he attempted to start his own periodical, *Sala's Journal*. The venture failed and left him deeply in debt and he was forced to sell his large library of books. George Augustus Sala died at Brighton on 8th December, 1895.