

FOREIGN BANKS IN CHINA, Part II - IMPERIAL CHINESE ISSUES (1900-1911)

John E. Sandrock

In Part I of this article we discussed the events leading up to European intervention in China's internal and financial affairs and in the process examined Great Britain's pioneering role in these events. We shall now turn our attention to the other foreign countries which took advantage of China's weakness to pursue their respective commercial goals.

Internal nineteenth century conflicts among Japan, Russia, Korea and China were the root cause of the Sino-Japanese War (1892-1895). When Russia desired to extend the Trans-Siberian railroad to an ice-free port on the Pacific Ocean and Japan sought territorial expansion in Korea, the national interests of both nations came into conflict. When Japan invaded Korea, China came to the rescue of its vassal state, and was soundly defeated by the Japanese navy. The resulting Treaty of Shimonoseki ended the tributary status of Korea and opened additional ports to foreign commerce. Japan occupied the Liaotung peninsula effectively blocking Russia's advance south. The total war indemnity China had to pay Japan was a whopping 230 million silver taels.

Rival imperialist ambitions by Japan and Russia over Manchuria and Korea continued to boil under the surface. The Russians continued to push for a warm water port for their navy and maritime trade. The Russian port of Vladivostok, on the Pacific, was unsuitable as it was only partially operational in summer and ice-bound in winter. Russia found another port much further south, on the Liaotung peninsula of China, much better suited to its uses. Russia decided to take it by force from an impotent China by moving its fleet off Port Arthur. China agreed to lease the port to Russia and Russia lost no time in fortifying it. To consolidate her position, Russia began construction of the South Manchurian Railway from Mukden south to Port Arthur. When stations along the line were burned by the Boxers during their revolution to rid China of the hated foreigners, Russia mobilized and occupied all of Manchuria.

In the meantime, Japan had taken over Korea and turned it into a colony of Japan. Both Japan and Russia sought the other's statement of non-interest in their respective spheres of influence, and when a diplomatic agreement between the two countries could not be reached, war broke out. This marked the beginning of the Russo-Japanese War (1904-1905).

Japan attacked the Russian fleet at Port Arthur without a formal declaration of war. After combined land and sea operations lasting over a year, Port Arthur fell. Meanwhile the Tsar ordered Russia's Baltic fleet of battleships to sail around the world via the Cape of Good Hope to bolster Russian defenses in the Pacific. The fleet was off

Madagascar when it learned that Port Arthur had fallen. There was no course left now other than to make for Vladivostok, Russia's only remaining port.

After Port Arthur fell, the Japanese army was able to continue northward to attack Russian positions at Mukden. A race was on to see if Japan could subdue Mukden before Russian reinforcements arrived via the Trans-Siberian Railroad.

Having journeyed 18,000 miles to relieve Port Arthur and arriving too late, the fleet was intercepted by the Japanese when a Russian hospital ship inadvertently showed a light at night, giving away its position. The Russians were totally surprised and their fleet virtually annihilated, losing eight battleships, 5000 men and numerous smaller vessels.



Japanese print showing the sinking of a Russian battleship by the Japanese fleet in the Tsushima Strait during the Russo-Japanese War of 1904-1905.

After the Battle of Tsushima, the Russians sued for peace, recognizing Korea as Japanese, and agreeing to evacuate all of Manchuria. The Japanese victories were unexpected. This was the first time an Asian power had won over a European one in modern times. In time, these Japanese victories would dramatically transform the balance of power in Asia. Emboldened, the Japanese military began its efforts to dominate China, which in turn led to World War II in the Pacific.

Foreign countries which possessed bank note issuing privileges during the waning days of the Chinese Empire may be found in Table 1.

Table 1. - Foreign Note Issuing Banks of Imperial China (1900-1912)

Issuing Authority and (Branches)	Parent Country	Dates	Denominations
Bank Belge Pour l'Etranger (Banque Sino-Belge) (Hankow, Peking, Shanghai, Tientsin)	Belgium	1912 1913	1, 5, 10, 50, 100 dollars/piastres 5 Mexican dollars
British and Belgian Industrial Bank of China (Changsha)	Britain, Belgium	1912	5, 10 taels
Deutsche-Asiatische Bank (Hankow, Peking, Shanghai, Tientsin, Tsingtao)	Germany	1907 1907 1914 1914	1, 5, 10, 20 taels 1, 5, 10, 25, 50 dollars 100, 200 dollars 50, 100, 500 taels
International Banking Corporation (Canton, Hankow, Harbin, Peking, Shanghai, Tientsin)	United States	1909-1919 1918	<i>1, 5, 10</i> , 50, 100 dollars 1, 5, 10, 50, 100 taels
Banque de l'Indochine (Canton, Shameen, Shanghai)	France	1901-1902	1, 5, 10, 100 dollars/piastres
Banco Nacional Ultramarino (Macao)	Portugal	1905-1942 1920-1942	1, 5, 10, 25, 50, 100 patacas 1, 5, <i>10</i> , 20, 50 avos
Netherlands Trading Society (Shanghai)	Neth.	1909 1922	1, 5, <i>10</i> dollars 50, 100 dollars
Russo-Asiatic Bank (Harbin, Kuld'sha, Changuchak, Kashgar, Newchwang, Peking, Shanghai, Tientsin)	Russia	1910-1917 1917 1913-1924 1914 1917	1, 5, 10, 50, 100, 500 dollars 50 kopeks, 1, 3, 10, <i>100</i> roubles 1, 2, 10, 50, 100 gold fen 1, 5, 10, 50, 100 Mexican dols. <i>500</i> , 1000 roubles
Sino-Belgian Bank (Banque Sino-Belge) (Hankow, Shanghai, Tientsin)	Belgium	1902-1912 1908-1912	1, 5, 10, 50 dollars 5, <i>10</i> , Mexican dollars
Bank of Taiwan, Ltd. (Amoy, Canton, Foochow, Hankow, Kiukiang, Shanghai, Swatow)	Japan	1905-1911 1906-1921 1911-1917	1, 5, 10, 50 silver yen 1, 5, 10, 50 gold yen 1, 5, 10, 50 dollars
Yokohama Specie Bank, Ltd. (Dairen, Hankow, Harbin, Newchwang, Peking, Shanghai, Tientsin, Tsinan)	Japan	1902 1913-1917 1918 1902-1937	5, 10, 50, 100 taels 1, 5, 10, 100 gold yen 10, 50 sen 1, 5, <i>10</i> , 50, 100 dollars

Note: Italicized denominations are illustrated in this article.

The Deutsche-Asiatische Bank

The establishment of the Deutsche-Asiatische Bank was announced in Shanghai on 15 May 1889. This was the first large non-British bank to enter the Chinese field. The bank's priority was to finance Chinese imperial loans, especially focusing on railway and mining interests in the German sphere of influence, predominantly in the Shantung peninsula and northeast China. Paid up capital initially was five million taels, which was increased over time. In 1896 the Deutsche-Asiatische Bank joined forces with the Hong Kong and Shanghai Banking Corporation to underwrite imperial loans aggregating 32 million British pounds. The loans were secured by Maritime Customs revenue as well as Chinese salt taxes.

Two hundred and fifty-five miles of railroad were built from Tsingtao in the German colony of Kiaochow to Sinan at a cost of 54 million deutsche marks. An additional 12 million marks were used to establish new mines in Shantung Province. The bank was also involved with British, French and Russian interests to build the Tientsin-Pukou, Jin-Pu and Hu-Guang railroads elsewhere in China. Expansion of banking in Berlin, Calcutta, Singapore, Yokahoma and Hong Kong brought the Deutsche-Asiatische Bank into further cooperation with the Hong Kong and Shanghai Banking Corporation, a business arrangement which was not dissolved until the outbreak of World War I.

With its head office in Shanghai, the Deutsche-Asiatische Bank maintained branch offices in Peking, Tientsin, Tsingtao, Canton and Hankow. Its note issues were in taels and dollars (See Table 1.). The paper money in circulation was strictly controlled by the Berlin government and never was large. Upon the outbreak of hostilities in World War I, the bank had to suspend operations in China. At that time an amount of 2,595,968 taels was outstanding. In 1917 the Chinese government revoked the bank's right to issue its own notes.

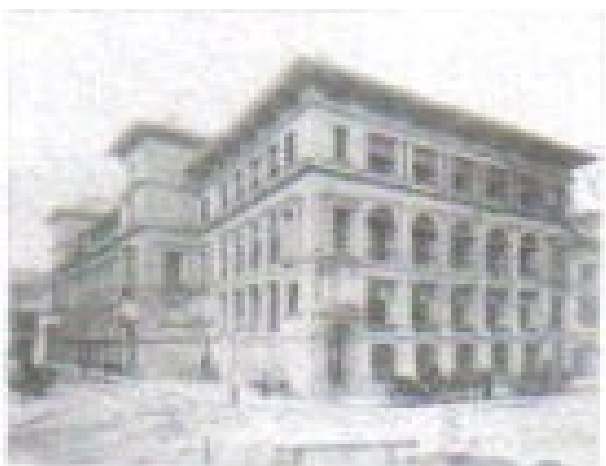
The first director of the bank was Ferdinand Rinkel. Arriving in Shanghai with a staff of five members, he opened the main branch, located on the Bund, on 2 January 1890. The Peking branch bank was set up in 1905. Correspondence of the time described it as being a stately office building with a prominent tower. Since receptions and banquets were held there, it's interior was extensively decorated with European furniture including a grand piano in the dining room. The walls were covered with a vast panorama of the Rhine River, a gift from the Krupp Company. When China closed the bank in 1917, the branch director was imprisoned and the building plundered. The branch office in Tsingtao didn't fare much better. This branch was special in that it was located in territory belonging to the German Reich (Kiaochow). Germany held the colony by right of a ninety-nine year lease granted Germany as part of war reparations. Tsingtao evolved from a sleepy fishing village to a major city under German rule. The

Deutsche-Asiatische building was located at the waterfront on Kaiser-Friedrich-Ufer. In 1914, after heavy fighting, Tsingtao was conquered by the Japanese who then proceeded to empty the bank's vaults. The branch staff were deported to Japan.

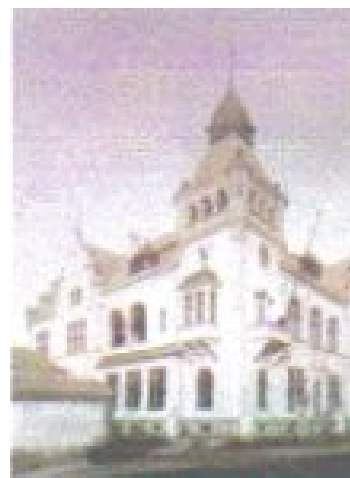
As mentioned above, the initial 1907 emission of notes was tightly controlled , well managed and in great demand. The second issue of 1914 notes arrived shortly before the Japanese invasion. Consequentially, few notes entered circulation. Although the notes bore no printer's imprint, it was generally believed that they were the product of the Leipzig plant of the German printer Giesecke and Devrient. All notes depict Germania along with the German eagle and Chinese dragon prominently displayed. For those interested in reading more about the currency of Kiaochou go to my website www.thecurrencycollector.com and click on “Monetary History of the Former German Colony of Kiaochou”.



The Deutsche-Asiatische Bank was the only German bank with the right to issue its own notes in China. Here we see the Peking branch 5 tael note of 1 March, 1907. The bank served the business interests of the Shantung peninsula and northeast China for twenty-four years prior to the occupation of Kiaochou by Japanese forces at the outbreak of World War I.



Headquarters of the Deutsche-Asiatische
Bank in Shanghai



Peking branch office of the
Deutsche-Asiatische Bank

The French Banks in China

In the years leading up to World War I France had two banks with note issuing privileges in China. The first of these was the Banque de l'Indochine, which was established in 1898 as France's financial arm in Southeast Asia. After 1900 the bank shifted its business from India to China where its primary interests lay in Indochina and South China. There the bank represented the interests of the French government in handling the Boxer indemnity. After the French established their “sphere of influence” as south China, the Banque de l'Indochine took over international trade between France and all of China. In addition to its note issuing monopoly in Indochina the bank circulated its notes in neighboring provinces of China, notably Yunnan and Kweichow. Its first Chinese branch was opened in Shanghai in 1899. Five additional branches were subsequently established in rapid succession. These were on Canton's Shameen island and in Peking, Hankow, Kunming, and Tientsin. Dollar notes for local issue were circulated from these branches. An early attempt was made to issue tael notes in Shanghai but was abandoned shortly thereafter as non-remunerative.

The Banque de l'Indochine held priority in financing the infrastructure of the French Concession in Shanghai's International Settlement. Its most notable accomplishments included the Shanghai Electric Power Company and the Shanghai Tramways. Through its commercial banking role the bank increased its original paid-in capital of 8 million francs to 48 million in 1910. The bank was also active in underwriting the 25 million pounds in reorganization loans authorized by the new Republic of China after the 1911 revolution. From 1900 to 1941, Banque de l'Indochine was the sole French representative in handling the Boxer indemnity.

Banque de l'Indochine notes were tri-lingual, printed in French, English and Chinese - the only foreign bank to employ three languages. Denominations were described in both francs and piastres. These notes circulated in relatively small quantities until 1940, and as a consequence are difficult to come by today.

The second French bank of importance was the Banque Industrielle de Chine, with headquarters in Paris. This bank was a joint venture between French merchants and the Peking government. The French were the dominant partners, owning two-thirds of the shares worth 30 million francs. Banque Industrielle de Chine was active in financing the building of the Hankow to Chungking railway. The bank enjoyed special permission to issue bank notes in China. When the Paris headquarters failed in 1921 due to inadequate reserves, the Chinese branches were forced to suspend business. This failure caused undesirable repercussions among other foreign banks in China. Eventually almost all of its bank notes were redeemed. The bank was restored in 1925 after a Chinese bail-out; however it no longer could issue its own notes.



Banque l'Indochine 5 piastres of 1902.



Banque Industrielle de Chine notes were attractive and well executed. This example was issued by the Tientsin branch office. Note redemption was nearly one hundred percent, making circulated examples in collections today real rarities.

Belgian Banks in China

Belgium was a small country with a highly developed industrial base as well as being a center of international trade. Founded by King Leopold, the Sino-Belgian Bank began business in international trade and remittances. After the Boxer Rebellion of 1900, it set up its Shanghai branch in 1902. The primary business of the bank was in long term loans to Chinese railways. Belgium exported materials, especially construction materials for railroads, to China. In the scramble for railroad concessions, the Banque Sino-Belge, as it was also called, joined forces with the Compagnie General de Chemins de Fer et de Tramways en Chine to issue bonds in 1903 and again in 1913 to finance railroad construction. A number of railroads were built with Belgian capital, including the Longhai and Yuchan lines. The bank's initial capitalization of one million Belgian francs rose over the years to over 200 million francs in 1930, a highly successful achievement.

The Sino-Belgian bank belied its name, as at no time did it have any Chinese participation, being a purely Belgian concern. Other branches were opened in Peking, Tientsin and Hankow. Notes were then issued on these offices in 1908, being in denominations of 1, 5, 10 and 50 dollars. These notes primarily circulated within Shanghai's International Settlement and the French Concession. In 1912 a change of name took place. The bank remained the same in all respects except for its new name: Banque Belge Pour l'Etranger. Note issues of 1912 onward carried the new bank name. At Shanghai the note circulation was never allowed to exceed one million dollars. This bank enjoyed an excellent reputation and its notes were always well received and easily redeemed. Banque Belge Pour l'Etranger ceased operations when the Chinese government took over from foreign management in 1935.

The Netherlands Trading Society

The Netherlands Trading Society, known to the Dutch as the “Nederlandische Handel-Maatschappij”, set up its sole China office in 1903 on Shanghai's Bund. The Dutch had a history of being active traders; therefore it is not surprising that they joined the other foreign banks doing business with China. When compared to the others, it was not a large bank. The company handled a great variety of trade business. Although small, the Netherlands Trading Society served as a training ground for future Chinese bankers, many of whom went on to form their own private banks.

At all times the circulation of Netherlands Trading Society dollar notes was small, Dutch law requiring substantial reserves for paper money issues. Denominations of 1, 5 and 10 dollars were placed into circulation in 1909, with an additional release of 100 and 500 dollar notes in 1922. All showed a warrior with sword, clad in Chinese armor and an ancient stone bridge as their principal vignettes.



Notes of the Belgian “Banque Belge Pour L'Etranger” and the Dutch “Netherlands Trading Society”



This Belgian bond for £20 sterling (upper portion) was part of a £ 10,000,000 loan to build the Lung-Tsing to U-Hai Railway. It bears both Belgian and French tax stamps. The 5% interest bearing bond is dated 1913. It was underwritten in Brussels by the Cie. General de Chemins de Fer et de Tramways en Chine.

The Russo-Asiatic Bank

In 1910 the Russo-Chinese Bank underwent an organizational change, emerging as the Russo-Asiatic Bank. This was fundamentally a change in name only as all outstanding assets and business, after deducting its war losses, remained intact. That the Russo-Chinese Bank never had a large bank note circulation is attested to by the fact that the final balance sheet, published by the St. Petersburg head office, showed notes remaining outstanding and unredeemed to total a modest 146,177 in dollars and 13,766 in taels.

A rather unusual issue of notes was made by the Russo-Asiatic Bank for its Turkestan branches (Kashgar, Kuld'sha and Changuchak). These notes were in circulation from 1913 to 1924. China had become a republic in 1911, but despite this the Turkestan notes, printed by Bradbury, Wilkinson and Company in London, prominently displayed the imperial dragon on the obverse and reverse. This set of notes was distinguishable from all other foreign money because they were denominated in fixed weights of pure gold, rather than specific monetary units.

Upon seizing power in Russia in 1918, The Communists expropriated and nationalized all assets of the Russo-Asiatic Bank lying within Russian territory; whereupon the head office was moved from St. Petersburg to Paris. After being forcibly taken over by the Communists, the bank lost its home base. The seizure was partly due to the fact that the Russo-Asiatic Bank had financed the White Russian army's resistance to the Bolshevik regime. The bank's affairs continued to be directed from Paris, although unsuccessfully. In 1926 the Russo-Asiatic Bank was closed after losing 5 million pounds in foreign currency speculation in the Paris financial markets; whereupon Paris cabled the Shanghai branch to close its doors forever.



500 rouble note of the Russo-Asiatic Bank dated 1917. Note that the old bank name (Russo-Chinese Bank) has been crossed out by hand in the lower right.



Russo-Asiatic Bank, Harbin branch, 1915



Russian-Asiatic Bank 50 kopek and 3 rouble notes issued for railroad fares and the use of the Russian workers along the line of the Chinese Eastern Railway in 1917. These notes were the product of the American Bank Note Company. The odd 3 rouble denomination is purely of Russian origin and not used elsewhere in Asia. After the Communists took over Siberia, the use of these notes was forbidden.



Obverse and reverse of the Russo-Asiatic 100 rouble note of 1917. This note was issued at Harbin for use on the Chinese Eastern Railway.



Chinese Government 5 percent gold loan of 1913 (upper portion) with the black square Russian machine stamp which distinguishes it from the Belgian issue. This bond was signed by a representative of the Russo-Asiatic Bank. The amount of this bond was for 236.75 roubles, or £25 sterling.

The International Banking Corporation

American banks did not enter the Chinese banking field until the beginning of the twentieth century. With no banks in China, all American trade remittances had to go through British banks. All this changed when Secretary of State John Hay pressed to obtain a share of the China market. Having joined the eight-power expedition to put down the Boxer Rebellion in 1900, Americans felt it only right that they participate in their share of the Boxer indemnities. The sole American bank to issue notes in China during the Ch'ing dynasty was the New York based International Banking Corporation. The bank was organized on 1 December 1901 for the purpose of promoting foreign trade in China. Its first branch was opened in Shanghai in 1902. Inasmuch as the American flag flew over the bank's several branch offices, the Chinese began calling the red, white and blue standard “hua-qi” (colorful flag), and it was not long before the bank was referred to as “Huaqi Yinhang” (colorful flag bank) by the Chinese.

In addition to the Boxer indemnities, the bank was active in granting loans to the Ch'ing government, the chief of these being the Hukuang Railway loan of 1911. The bank issued notes in “local currency” of 1, 5, 10, 50 and 100 dollar denominations in 1907. All notes depicted a pair of globes showing the eastern and western hemispheres together with an American eagle and scales of Justice. In the first year of business International Banking Corporation circulated notes worth 202,474 dollars, increasing this amount to 477,760 by 1912. A tael series of notes was released in 1918. In 1915 the National City Bank of New York acquired a majority of shares in the International Banking Corporation. On 1 January 1927 the old bank was entirely superseded by its successor, who took over all branches and continued to operate them under its own name. The old bank notes were very popular and highly sought after, and were always redeemed without discount.

When called in, the notes were canceled by cutting them in half. Notes found in collections today, which were so altered by gluing the two halves together bear mismatched serial numbers, and are worth little compared to unaltered specimens.





The sole American bank to operate in imperial China was the New York based International Banking Corporation. Founded in 1901, it had two note issues. Show here are the 1 dollar issue of 1918 and the 10 dollar local currency note of 1910.

Portugal's Banco Nacional Ultramarino

The first to open trade relations with China, Portugal confined its banking interests to Macao. Situated at the delta of the Canton River, Macao was a mere eleven square miles in size. The 1927 census revealed a population of 157,000, mostly of Chinese origin. The Chinese customs house was abolished in 1849. The Portuguese occupation of Macao dates from 1557; however, it was not until 1887 that Portuguese sovereign rights were fully recognized by a begrudging China.

The Banco Nacional Ultramarino, the bank for Portuguese colonial possessions (Goa, Timor, Macao) was centrally administered from Lisbon. This bank provided for the currency requirements of Macao. The monetary unit was the pataca which was at par with the British crown colony Hong Kong dollar. Prior to World War II currency circulation averaged 1 million patacas annually. The pataca was linked to the Portuguese escudo at the average rate of five escudos to the pataca. Macao never developed an industrial base; consequently there was little need for adventure capital. The principal need for currency in the colony was for gambling and opium smuggling.



This 10 avos subsidiary coin note was issued for Macao in 1920. Note the Portuguese arms at the upper left of the obverse.

Japanese Banks in China

Following the Sino-Japanese War of 1892-1895 the Treaty of Shimonoseki ceded the Chinese island of Taiwan outright to Japan. The island was henceforth administered as a Japanese colony, known to some as Formosa.

In 1899 the Bank of Taiwan was opened with a capital of 5 million Japanese yen. The bank's goals were to provide capital for export of raw material to Japan and to expand Japanese trade through its mainland branches. The first of these was the Shanghai branch. There the Bank of Taiwan issued silver dollar notes commencing in 1905. For this they needed the special permission of the Japanese government. An issue consisting of 1, 5, 10, 50 and 100 gold yen notes followed in 1906. Bank of Taiwan notes were not uniform in size or design. Local custom seemed to dictate what kind of note each bank would produce. For example, all Amoy branch notes are vertical in format as is the 1921 gold yen note of Swatow. All other notes on the Canton, Hankow, Kiukiang, Shanghai and Foochow branches are horizontal, although the shape of the notes and designs differ between branches.

The Bank of Taiwan had approximately ten percent of its bank notes in circulation on mainland China at any one time. By the end of World War II, one hundred forty million yen were circulating in China. The Japanese defeat, of course, brought an end to the Bank of Taiwan as a foreign note issuer. The Bank was given new birth, however, when the communists overwhelmed China and the Nationalist government fled the mainland to take refuge on Taiwan. There, in 1949, another bank of the same name but with no connection to the old Bank of Taiwan, came into being.



Bank of Taiwan 5 dollar “local currency” specimen note issue of 1916.

Japanese bankers considered the banking field in north China to be their exclusive domain and, after defeating the Russians in 1905, became even more aggressive. Yet, with some exceptions, they abstained from circulating their own bank notes in China due to the anti-Japanese sentiment prevailing there. After all, the defeat brought about by the Sino-Japanese war was still fresh in Chinese minds. In later years, these anti-Japanese feelings turned into an outright boycott of Japanese businesses and banks. As these occurred often, they proved ruinous to the Japanese banking business. The boycott of Japanese goods was so severe in 1918-1919 that it induced the Yokohama Specie Bank to withdraw its tael and gold yen notes from circulation on the Chinese mainland.

To get around this belligerent feeling, the Japanese preferred to do their business through the Bank of Taiwan, and later on, the Bank of Chosen. These banks then would clear transactions with Japanese home banks as though everything was normal.

The only truly Japanese bank to circulate its own notes in China was the Yokohama Specie Bank. After the opening of Japan to foreign trade, the small Tokyo Bay fishing village of Yokohama was designated by the Japanese as a free port where foreigners could trade. The port proved very useful for ships plying between California and China as well as to all American whaling ships. Yokohama followed a similar path to Shanghai as it evolved into a world trade center between east and west.

It was here that the Yokohama Specie Bank was established in 1880 to meet the demands of international trade. Its business was in discounting bills of exchange, handling foreign exchange and in promoting trade with China. To this end the Yokohama Specie Bank opened a Shanghai branch in 1893. Twenty years later an imposing building was built on Shanghai's Bund to house the new headquarters. This building was taken over by the Central Bank of China at war's end in 1945.

Immediately after the defeat of China in the Sino-Japanese War of 1885 the bank expanded greatly, taking over the Manchurian grain trade. During the Russo-Japanese War (1904-1905) the Yokohama Specie Bank shifted its activity northward, following the advance of the Japanese army. Its note issuing branches in Manchuria included Dairen, Harbin, Newchwang, Tsinan, Liaoyang, Mukden and Tiehling, which were established initially in support of Japanese troops. Additional Chinese branches were situated in Peking, Tientsin, Tsingtao, Shanghai and Hankow. Although the issues were small and well managed, they served principally the Japanese population, as the Chinese rejected them due to resentments they harbored over Japanese encroachment.

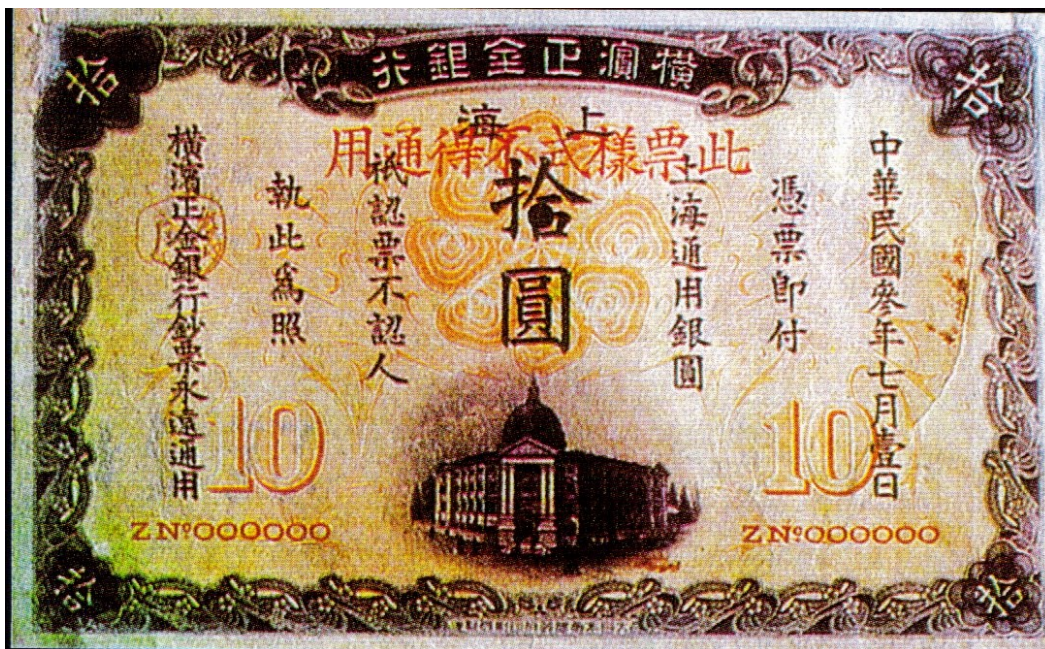
After surviving an economic recession in its early years, the bank received Japanese government loans and permission to issue its own bank notes. At first the silver standard was used to back the notes but, due to world depreciation of silver, the Meiji government turned to the gold standard in 1897, using the indemnity money due them after the Chinese defeat in the Sino-Japanese war as backing for the new gold yen notes.

Other offices were opened in China including Tientsin and Shanghai. By 1900 the bank's paid-in capital had increased six-fold. The Yokohama Specie Bank became a strong competitor with the Hong Kong and Shanghai Banking Corporation as the years went by and trade with China increased. After the Japanese invasion of China in 1937 and the outbreak of hostilities in World War II, the Yokohama Specie Bank took over the handling of Maritime Customs Revenue from its British predecessor. It also served as the sole issuer of Japanese military notes in China. Upon the unconditional surrender of Japan in 1945 the Yokohama Specie Bank was officially and permanently closed.

Over the years Yokohama Specie Bank issued a variety of bank notes. At one time or another notes appeared in taels, dollars, silver yen, gold yen, big money, small

money, local currency and even lowly sen notes. All Yokohama Specie Bank bills were printed by the Printing Bureau of the Imperial Japanese Government. The 1903 (Newchwang) silver yen notes played an important role in financing soy bean production in Manchuria. By 1907 Yokohama Specie Bank notes were circulating throughout all of Manchuria. These notes were circulated by the branch in the port city of Dairen. Peak circulation of the bank's notes was reached in 1911 when 7,200,000 dollars were paid out. By 1929 only 21,663 taels and 1,802,843 in silver dollars remained in circulation. It should also be mentioned that the bank was active in underwriting Manchurian railroad loans, particularly that of the South Manchurian Railway. After the Russian Revolution and the subsequent collapse of Russian political influence in Manchuria, the Japanese banks greatly expanded their economic influence in the area.

Yokohama Specie Bank varieties provide the collector with a wide field from which to build a collection. The problem is that, due to tight management and near total redemption, very few notes remained unredeemed. All notes issued by the bank during the late Ch'ing dynasty (1902-1911) are rarely seen, the sole exception being the 1 dollar note of 1902 which occasionally becomes available. Today all these notes bring exceedingly high prices on the market.



Yokohama Specie Bank 10 dollar note of 1914. All the bank's notes are rare, most exceedingly so.



Yokohama Specie Bank building located on the Bund in Shanghai.

Chinese Foreign Banks Between World Wars I and II

With the demise of the decadent Ch'ing dynasty and the rise of a fledgling Republic of China in 1912, struggling under a burden of debt, China essentially became a colony of the European powers and Japan with her finances in Western hands. The changes in world politics after World War I also brought about significant changes in the existing banking structure. As a result of Germany's defeat in World War I, the Deutsche-Asiatische Bank ceased to function. The Russo-Asiatic Bank found itself discriminated against following the Bolshevik revolution, and the British and French banks were struggling due to the war debts incurred which were in need of repayment. It was time for new players to enter the field of foreign banking in China.

Part III of this article will discuss foreign banks in China during the life of the Republic of China (1911-1942).

Bibliography

- Bruce, Colin Standard Catalog of World Paper Money, Volume 1, Iola, Wisconsin, 2005, Krause Publications.
- Fenerwerker, Albert The Chinese Economy, 1870-1911, Ann Arbor, Michigan, 1969, Center of Chinese Studies, University of Michigan.
- Ji, Zhaojin A History of Modern Shanghai Banking, London, 2003, M.E. Sharpe, Inc.
- Kann, Eduard “Foreign Note-Issuing Banks in China”, Far Eastern Economic Review, Hong Kong, Vol. XXV, June 1957.
- Keller, Arnold Das Papiergeld der Deutsches Kolonien, Munster, Germany, 1967, Numismatischer Verlag H. Dombrowski.
- Mihailoff, I. A. North Manchurian and Chinese Eastern Railway, Harbin, China, 1924, C.E.R. Printing Office
- Sandrock, John E. Copper Cash and Silver Taels – the Money of Manchu China, Baltimore, 1995, Gateway Press, Inc.
- Sandrock, John E. “A Monetary History of the Former German Colony of Kiaochou”, 2007, www.thecurrencycollector.com
- Xiang, Dai Zhi Currencies of Old Shanghai, Shanghai, 1997, Shanghai People's Fine Arts Publishing House.