



No. 13

Banking in Nebraska

BANKING IN NEBRASKA

Banks were among the first businesses established in Nebraska. When Nebraska Territory was first opened for settlement in 1854, there was an urgent need for money to build towns and buy land. Without

banks to issue and receive money, people would have been forced to use the “barter system.” They would have had to buy things or pay their bills with corn, eggs, or whatever products they had. Banks provided money, also called a “medium of exchange.” People “exchanged” their crops and products for money and



“exchanged” the money for things they needed.

Like today’s banks, the early Nebraska banks provided a place for people to save their money. Banks also made loans so that Nebraska’s early residents could buy land or start businesses. Throughout our history banks have loaned and invested money to help Nebraska grow. Pictured here is an 1890s photograph of the Farmer’s and Merchants’ National Bank in Fremont, Nebraska.

Today there are over 390 banks in Nebraska. Many changes have taken place in the way they look and the way they do business. Nebraska banks, however, continue to make important contributions to the development of our state.

NEBRASKA'S FIRST BANKS

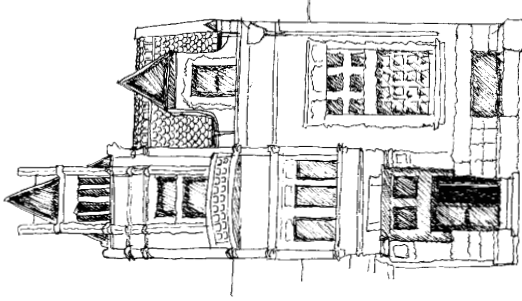
In Nebraska's early days, a bank was sometimes part of another business. Nebraska's first bank was actually an insurance company by the name of The Western Exchange Fire and Marine Insurance Company. This bank opened in Omaha in 1855. Its charter allowed it to issue its own money, or bank notes, as they were sometimes called. These bank notes provided the much needed currency for the new communities because gold and silver money was hard to get. Among the organizers of the bank was Leroy Tuttle, whose signature can be seen on the bank notes

This Nebraska bank printed one dollar, two dollar, five dollar, and even three dollar bills! How are these different from today's money?



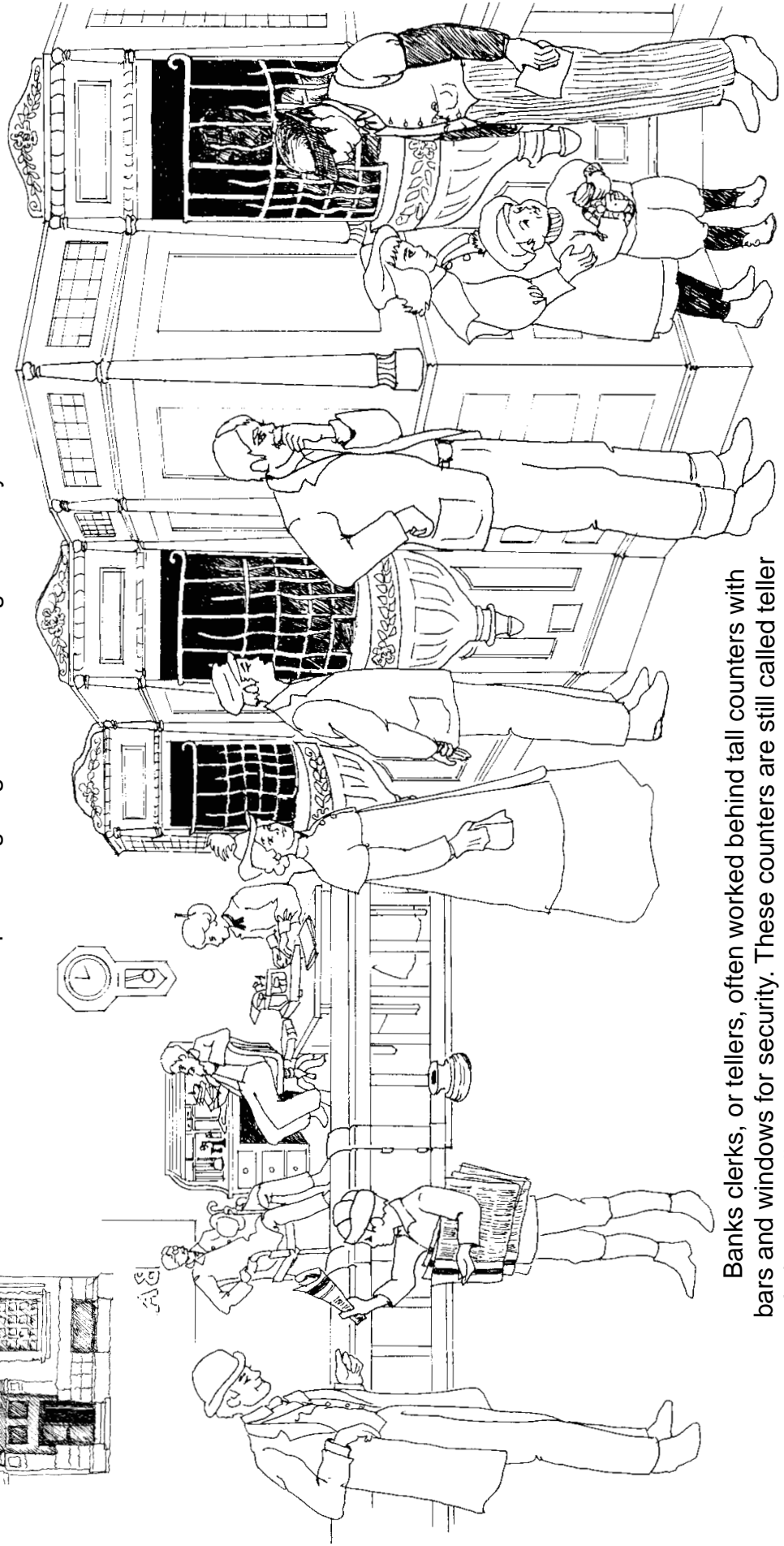
In 1856 five new banks opened for business. They were the Bank of Florence (in Omaha), the Fontenelle Bank of Bellevue, the Bank of Nebraska (Omaha), the Nemaha Valley Bank (Brownville), and the Platte Valley Bank (Nebraska City). Two of these bank buildings, the Bank of Florence (pictured above) and the Fontenelle Bank of Bellevue (pictured right), still stand today. They are among the oldest commercial buildings in Nebraska. These bank buildings are now museums and are open to the public.



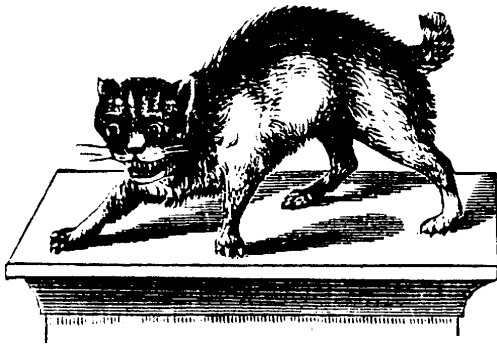


This drawing is of the Farmers' and Merchants' Bank building in Red Cloud, Nebraska. Red Cloud is the home of the famous Nebraska author Willa Cather. This bank was built in 1888, and you may visit it.

In the nineteenth century, when men's clothing styles included a full sleeve, bank clerks, like the one below, often wore armbands to keep their shirts from knocking money onto the floor. To detect counterfeit currency, they often used very bright lights. Bank clerks needed to wear visors to keep the bright lights from shining in their eyes.



Banks clerks, or tellers, often worked behind tall counters with bars and windows for security. These counters are still called teller windows or teller cages.



WILDCAT BANKING

During the 1850s, before Nebraska became a state, there were few laws controlling banks and the printing of money. Many banks sprang up in the new frontier settlements. These banks were called wildcat banks because like wildcats they were uncontrolled.

Although Nebraska's early banks were established to meet an important economic need, they were not all financially strong. They issued paper money that was not backed up by gold and silver. All the banks closed their doors when the national financial depression of 1857 struck. The paper money became worthless. As a result, laws were passed to change the way money is issued.



BANK BUILDINGS IN NEBRASKA

A new bank building was an important addition to a community. Although size and design varied, often banks were the most prominent buildings in a town, located right on the main street. They frequently were made of stone or brick. A solid building inspired confidence that the bank would be around a long time. Bank buildings often served as symbols of progress in local communities. Pictured here is an early photograph of the American National Bank of Sidney, Nebraska.

Bank lobbies were also designed to give an impression of stability and permanence. Lobbies were very formal. Some banks had marble floors, high ceilings, and beautiful woodwork like the First National Bank of Omaha pictured here.



NEBRASKA BANKERS ASSOCIATION

During the 1890s a group of over 265 Nebraska bankers met in Omaha to organize the Nebraska Bankers Association. This group of men laid down the beginnings of an organization that would help bankers do good work in Nebraska. In 1990 the Nebraska Bankers Association, and its more than 390 member banks, celebrated its 100th anniversary. This is a picture of Washington Hall in Omaha where the association held its first meeting.



BANK VAULTS

Bank vaults were needed to protect the bank's money from fire or theft. In Nebraska's early days, fires were very common. Many buildings were made of wood and there were no fire departments like we have today. Vaults were made of heavy steel to protect their contents if the building went up in flames. Bank vaults were also built to keep thieves out. Vaults were often placed in the back of the building to make them inaccessible to robbers. Pictured here is a rare view of the inside of the vault at the Bank of Florence.



THE LARGEST BANK ROBBERY IN NEBRASKA

During the 1920s and 1930s there seemed to be an epidemic of bank robberies. In September 1930 four robberies took place during one week in Nebraska. The largest of these robberies happened on September 17, 1930, at the Lincoln National Bank. Six Chicago gangsters with machine guns and revolvers escaped with over \$2.5 million in cash and securities. Until 1950 this remained the largest bank robbery in the nation's history. Today, alarm systems and security cameras help protect banks from robbery.

LINCOLN NATIONAL BANK ROBBED

THE WEATHER
Nebraska, Partly cloudy and
pleasant Thursday; somewhat warm-
er Friday, in part, with some light
drizzle in evening.
Monday, Partly cloudy, Wednesday
and Thursday, Partly cloudy
Friday, Tuesday, in part, and more
clouds Wednesday.

THE LINCOLN STAR HOME EDITION

Nebraska's Best Newspaper.

SEVENTY-EIGHTH YEAR.

LINCOLN, NEB., WEDNESDAY, SEPTEMBER 17, 1930. TWENTY PAGES.

THREE CENTS PER COPY.

SIX BANDITS ESCAPE WITH CASH AND AN UNDETERMINED AMOUNT NEGOTIABLE PAPER

Unmasked Robbers Enter Bank at 2 Minutes After 10 O'Clock, Force Customers and Workers to Floor and Loot Tellers' Cages and Safe—W. E. Barkley, and Phil Hall Slugged—Holdups Force Way From Counting Room at Point of Guns and Escape in Buick Sedan—Police and Airplanes Give Chase As Robbers Speed South on Fourteenth Street.

In one of the most daring bank robberies in the history of Nebraska, six unmasked bandits armed with machine guns and revolvers, entered the Lincoln National Bank at 2 minutes after 10 o'clock, September 17, 1930, and escaped with \$1,551,000 in cash and a large undetermined amount of negotiable paper. W. E. Barkley, president of the Lincoln State Bank, who was in the bank at the time, and Phil Hall, cashier, were slugged over the head with rubber bats, and neither was injured seriously. The bank was taken over by the robbers, and the robbery was planned, even in reference agency in Nebraska and corresponding stage was machine a few minutes after the holdup. Lincoln police took up the trail of the bandits at which time south on Twelfth street, with a view of clearing the

Bank Bandits Slug Two



PHIL L. HALL, Mr. Hall and Mr. Barkley were each slugged over the head by a bandit with a rubber bat. Barkley was slugged in the counting room and Mr. Hall was slugged in the lobby. Both were slugged on the neck with a rubber bat. Barkley was slugged in the counting room and Mr. Hall was slugged in the lobby. Both were slugged on the neck with a rubber bat.

Description Bank Bandits Given by State Sheriff

Descriptions of the six bandits who were slugging in the bank were given by State Sheriff J. H. ...

SHAMROCK V IS FORCED OUT OF THIRD RACE

Challenger Yacht Loses Mainmast Soon After Start of Contest.

It is a game on a yacht race between the Shamrock V and the ...

LINCOLN MAN IS CRUSHED TO DEATH BY AN ELEVATOR

Prominent Contractor Loses Life When Caught Between Automobile Elevator and First Floor Ceiling at 1137 P Street Early Wednesday Morning—Was Inspecting Repairs.

George J. ...

George Joy Meets Death in Elevator



George Joy ...

NELSON AGAT PUBLICAN AID

His Man Is Name ...

Four Methodist

... of the ...

NET SPREAD OVER NORTHEAST AREA

The net of the ...

Crowd Gathers Quickly After Bandit Gang Holds Up Lincoln Bank



The crowd gathered quickly after the Lincoln National Bank was held up by a gang of six bandits who escaped with over \$2,500,000 in cash and securities.

As Rogers Sees It

As Rogers sees it ...

THE GREAT DEPRESSION

After the stock market crash of 1929 banks went through hard times. Because people and businesses could not pay back money the banks had loaned them, some of Nebraska's banks closed. The savings of some individuals were lost. People began to fear placing their money in banks. Your grandparents may remember these hard times.

On March 5, 1933, President Franklin D. Roosevelt called for a "Bank Holiday" and closed all the banks in the country for four days. This was to stop people from withdrawing all their money, which would force the banks to close for good.

The president then created a new plan to rebuild confidence in banks. With the president's help, the Federal Deposit Insurance Corporation, or FDIC, was started in 1933. This new bank insurance promised depositors that their money would always be safe. Many Nebraska banks were able to repay the money lost by depositors. Today, all the banks in Nebraska are FDIC insured.

Have you seen this sign at your town's bank?



BANKS PROVIDE COMMUNITY SERVICE

Nebraska's banks have helped build towns and aided citizens during times of need. During World War II their employees even sold war bonds.

Banks continue to support local community programs. They support education by offering scholarships to students and by providing funding to libraries and museums. Banks also support hospitals and colleges and provide loans for new businesses and industries in towns all over Nebraska. In 1990 Nebraska bankers joined with the National Arbor Day Foundation to help our state grow even more beautiful. They supplied 25,000 new trees to be planted on Arbor Day.



DRIVE-UP BANKING

Changes in our way of life have brought many changes in banking in the last 100 years. Today's banks offer many services undreamed of a century ago. They now have computer services such as electronic banking machines, charge account banking, banking by mail and phone, and drive up windows. The first bank drive-up window in Nebraska was opened at the Omaha National Bank in Omaha on August 5, 1955.



Banking Terms

Match the words in the left column with the correct definition in the right column.

- | | |
|-----------------|--|
| 1. BANKER | a. A sum of money lent, usually for a specified time and repayable with interest |
| 2. BANK HOLIDAY | b. The monetary unit of the United States equal to 100 cents |
| 3. ACCOUNT | c. Money in circulation in any country; paper money |
| 4. CURRENCY | d. A person who owns or manages a bank |
| 5. CASH | e. To put money in a bank for safe keeping and to earn interest |
| 6. DEPOSIT | f. A period of time during which banks were closed by government order |
| 7. DOLLAR | g. Federal Deposit Insurance Corporation |
| 8. FDIC | h. An unsound or risky business scheme |
| 9. INVEST | i. A record of a person's business with a bank |
| 10. LOAN | j. Money: printed bills or coins |
| 11. SAVINGS | k. To put money into a business, bonds, etc. to get income or profit |
| 12. WILDCAT | l. Amounts of money saved |

PHOTO CREDITS:

Nebraska State Historical Society
Western Heritage Museum, Omaha
American National Bank of Sidney

NBA
NEBRASKA BANKERS
ASSOCIATION

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