

# *Business History Review*

S U M M E R 1 9 9 4



Cover: New York Clearing House, 1875

*By the early 1850s, New York City had about fifty banks, and the task of making daily exchanges among them had become cumbersome and time-consuming. In 1853, fifty-two banks in the city organized the New York Clearing House Association (NYCHA). The new institution, by clearing the obligations of the member banks in both currency and demand deposits in a central location, proved extremely efficient. Delivery clerks moved through the NYCH beginning at 10 o'clock each morning, presenting their checks or bank notes to the ranks of settling clerks, and accomplishing in about an hour a process that had formerly taken all day, though of course the clearinghouse clerks worked several hours more to balance the accounts. As the organization grew, the NYCHA became a lender of last resort to its member banks, helping to cope with the financial panics of the period. (Illustration reproduced from Noble Foster Hoggson, *Epochs in American Banking* [New York, 1929], facing p. 178.)*

*For an article on the significance of the inefficient redemption of national bank notes between 1863 and 1913, see pp. 205–243.*

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