The History of JPMorgan Chase & Co.
200 Years of Leadership in Banking
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This bronze sculpture, A River, is a cast of a famous work created by Jean-Jacques Caffieri in 1759. It depicts Oceanus, the Greek god of water. Oceanus was portrayed in the bank’s first logo, representing its origin as a water company. The Bank of The Manhattan Company used numerous versions of Oceanus from its founding in 1799 through the mid-1950s when it merged with Chase National Bank.

The JPMorgan Chase Archives
Begun in 1975 by Chase Manhattan Bank Chairman David Rockefeller, the JPMorgan Chase Archives is one of the oldest corporate history programs in the United States. Recognized as an important corporate asset and an invaluable resource for financial history, the Archives has continually advanced the firm’s rich legacy by collecting and preserving historical materials of JPMorgan Chase & Co. and its more than 1,000 predecessor institutions worldwide. With over 7,000 feet of records, this extensive collection traces the remarkable origins, developments and achievements of the firm from 1799 to the present and documents key events and business decisions, offering valuable insight into the firm’s mission and vision.
Introduction

JPMorgan Chase & Co. is one of the world’s oldest, largest and best-known financial institutions. Since our founding in New York in 1799, we have succeeded and grown by listening to our customers and meeting their needs.

As a global financial services firm with operations in more than 50 countries, JPMorgan Chase & Co. combines two of the world’s premier financial brands: J.P. Morgan and Chase. The firm is a leader in investment banking; financial services for consumers, small business and commercial banking; financial transaction processing; asset management; and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world’s most prominent corporate, institutional and government clients.

JPMorgan Chase & Co. is built on the foundation of more than 1,000 predecessor institutions that have come together over the years to form today’s company. Our many well-known heritage banks include J.P. Morgan & Co., The Chase Manhattan Bank, Bank One, Manufacturers Hanover Trust Co., Chemical Bank, The First National Bank of Chicago and National Bank of Detroit, each closely tied in its time to innovations in finance and the growth of the United States and global economies.

The pages that follow provide highlights of the JPMorgan Chase & Co. story – our history, our predecessor institutions, our people, our services and our philosophy.
The Beginning: The Manhattan Company

Commercial banking in the United States got its start immediately after the Revolutionary War. The earliest American banks played a central role in the nation’s economic and industrial growth by lending money, safeguarding deposits and issuing bank notes that were used as currency.

The Bank of New York – founded in 1784 by Alexander Hamilton, who became George Washington’s Treasury Secretary – was the first commercial bank in New York City. It had no competition until 1799 when Hamilton’s political rival, Aaron Burr, a U.S. Senator and future vice president of the United States, founded The Bank of The Manhattan Co. JPMorgan Chase traces its beginnings to Burr’s fledgling institution.

The Bank of The Manhattan Co. had an unusual beginning. Burr led a group of New Yorkers, including Hamilton, in obtaining a state charter for a company to supply fresh water to the residents of Lower Manhattan. At Burr’s initiative, the charter included a provision allowing the company to employ its excess capital in any activity “not inconsistent with the Constitution and laws of the United States.” Burr then used that provision to start a bank.

The waterworks, called The Manhattan Co., laid a network of pipes made from hollowed pine logs and distributed water until 1842. The Bank of The Manhattan Co. outlived the waterworks and became one of the leading banking institutions in the nation – lending money and underwriting bonds, for instance, to help finance the Erie Canal, which opened in 1825.

The Manhattan Co. wooden pipes carried water to more than 2,000 customers in Lower Manhattan for 43 years until the creation of New York City’s municipal water system. Wooden water pipes are still being unearthed by utility workers today.

Alexander Hamilton collaborated with Aaron Burr and other civic leaders to establish The Manhattan Co. However, Hamilton opposed Burr’s insertion of a provision in its charter enabling the water company to open a bank and withdrew his connection to the new firm. Antagonism between these two men over a variety of issues raged until 1804 when Burr challenged Hamilton to a duel; Hamilton was mortally wounded. The pistols were owned by Hamilton’s brother-in-law, John Church, whose granddaughter sold them to The Bank of The Manhattan Co. in 1930.
Early Growth of Banks

As America expanded and diversified in the 1800s, new banks were formed across the nation. JPMorgan Chase has historic links to many of these early institutions, including The Western Reserve Bank, one of the first banks in Ohio when it was organized in 1812; Second State Bank of Indiana, formed in 1834 when Indianapolis still was a frontier town with a population of about 1,500; and Springfield Marine and Fire Insurance Co., which began operation in Illinois in 1851. Abraham Lincoln was one of its first customers, depositing $310. All three banks are predecessors of Bank One, which merged with JPMorgan Chase in 2004.

Individual states controlled the creation of banks in the early 1800s, and several states were highly restrictive in granting charters or awarding them only to organizers who belonged to the political party in power. Demand for banking services was so great, however, that entrepreneurs sometimes found ways to get around such prohibitions.

Some of the banks were offshoots of industrial or commercial businesses. New York Manufacturing Co. began in 1812 as a manufacturer of cotton-processing equipment and switched to banking five years later. It was a forerunner of Manufacturers Hanover Trust Co. on the JPMorgan Chase family tree. In 1823, the New York Chemical Manufacturing Co. began producing medicines, paints and dyes at a plant in Greenwich Village. It modeled its charter on The Manhattan Co., using its excess capital in 1824 to later open a bank called The Chemical Bank, which joined the JPMorgan Chase family in 1996.

To sidestep Wisconsin’s prohibition against banking, Scottish immigrant George Smith founded the Wisconsin Marine and Fire Insurance Co. in 1839, which, despite its name, operated like a bank by accepting deposits and issuing bank notes redeemable in gold. The notes, known popularly as “George Smith’s money,” were used as currency throughout the Midwest. By one estimate, they represented nearly 75% of the currency in circulation in Chicago in 1854. Smith’s company became the first legally approved bank in Wisconsin following statehood and later was known as The Marine Corp., merging with Bank One in 1988.
The Civil War and National Banking

By 1860, just prior to the Civil War, the nation had more than 1,500 commercial banks with nearly $700 million of loans outstanding. The war brought challenge and change.

The United States did not have a unified national currency when the war began. Instead, individual banks issued paper money in the form of notes. Although this system had served the nation well in its formative years, more than 7,000 different types of bank notes – of various shapes, sizes and colors issued by various banking institutions – were in circulation, resulting in confusion and inefficiency. The situation changed in 1862 when the Union began printing “greenback” currency to help finance the war.

With the passage of the National Banking Act of 1863, the United States adopted a dual system of federal and state chartered banks. One of the pioneering institutions was The First National Bank of Chicago, which received federal charter number eight in 1863; First National became part of Bank One in 1998. Other predecessors founded or reorganized in the wake of the National Banking Act include Hanover National Bank (New York), Indiana National Bank (Indianapolis), The National Bank of Commerce (New York), State National Bank (Evanston, Illinois) and Union National Bank (Chicago).

Initially, only a handful of banks applied for national charters, but the trickle soon became a flood in 1865 when the federal government began imposing a 10% tax on bank notes issued by state banks. By 1868, there were only 247 state banks left in the entire country compared with 1,640 national banks. Many thought that state banks would disappear altogether, but a surprising turnaround occurred: Forced to find a substitute for notes, state banks invented interest-paying demand deposits (deposits that could be withdrawn at any time). With this new service at their disposal, state banks rebounded and outnumbered national banks by 1894. Both types of institutions continue today, contributing to America’s decentralized banking system in which banks of varying sizes serve the needs of small businesses, large businesses and consumers in local, regional, national and international markets.

During the severe economic downturn in the decade following the Civil War, John Thompson, a 75-year-old Wall Street publisher and banker, established Chase National Bank in a one-room office in Manhattan in 1877. Thompson named the bank in honor of his late friend, Salmon P. Chase, who had not only been President Lincoln’s Treasury Secretary but also had served as governor of Ohio and chief justice of the United States. The firm soon became a respected correspondent bank and expanded rapidly in the early 20th century by developing a large corporate business. By 1930, it was the world’s largest bank, with assets of $2.7 billion. In 1955, it merged with The Bank of The Manhattan Co. to form The Chase Manhattan Bank.
As the American railroad network neared completion in the 1890s, the Morgan houses turned to providing funds for the great industrial mergers, including General Electric, U.S. Steel and International Harvester. J.P.Morgan & Co., as it later was known, became the most powerful investment bank in the world and J. Pierpont Morgan, known for his integrity and judgment, one of history’s most influential and powerful bankers, personally intervening in business disputes and orchestrating solutions during economic crises. When gold reserves fell in 1894, J. Pierpont Morgan formed a syndicate to save the gold standard for the U.S. government and, through his influence, played a central role during the 1907 financial panic, saving several trust companies and a leading brokerage house, bailing out the City of New York and rescuing the New York Stock Exchange.


The firm made its first big splash in 1879 when it sold financier William Vanderbilt’s New York Central Railroad stock without driving down the share price. The deal — involving the largest block of stock ever offered to that time — was a huge success, emphasizing Morgan’s strength as a mobilizer of capital and wholesaler of securities.

From that point forward, the Morgan firm was closely associated with the railroad industry. Railroads in the United States were plagued throughout the late 19th century by overcapacity and rate wars, but J. Pierpont Morgan saw opportunity in the situation. He became an industry consolidator, reorganizing financially troubled railroads by cutting their costs, restructuring their debt, placing their stock in trusts he managed and appointing senior executives who were loyal to him. This process, called “Morganization,” was applied to the Northern Pacific, the Erie, the Reading and many other railroads. By the end of his career, Morgan had an integral role in approximately one-sixth of the track in the United States.
Financing Major Projects

The late 19th and early 20th centuries were an era of memorable engineering projects and revolutionary technologies, many financed with capital from heritage JPMorgan Chase institutions.

The Brooklyn Trust Co. was a major lender for the construction of the Brooklyn Bridge, completed in 1883, which featured the world’s longest suspension span. William L. Strong, founder of The New York Security & Trust Co., was a member of the American finance committee that raised funds for the Statue of Liberty’s pedestal, the largest 19th century concrete structure in the United States. In 1904, J.P. Morgan & Co. helped finance the Panama Canal by raising $40 million for the U.S. government to buy land rights from the bankrupt French Panama Canal Co. The purchase, at the time, was the largest real estate transaction in history.

Apart from major construction projects, Winters National Bank in Dayton, Ohio, was present at the birth of aviation, providing banking services to the pioneering Wright brothers from the early years of their bicycle shop in the 1890s through their invention of the world’s first successful airplane.

In 1911, Union National Bank and National Bank of Commerce in Houston, predecessors of legacy institution Texas Commerce Bancshares, Inc., helped finance the construction of the 50-mile-long Houston Ship Channel, one of the largest public projects in the Southwest. These banks persuaded other Houston banks to purchase unsold municipal bonds issued to finance the channel’s construction. The Houston Ship Channel opened in 1914 to great fanfare and today is one of the busiest waterways in the United States.

The Statue of Liberty was partly financed by a group that included the president of a Chemical Bank predecessor, The New York Security & Trust Co. This bank later merged with The Liberty National Bank, which used the statue as its logo between 1891 and 1921.
Banking at the Beginning of the 20th Century

Banking at the dawn of the 20th century was different in many ways than it is today. Most states – the primary banking regulators at the turn of the century – prohibited or severely restricted branching, fearing that small banks might have trouble competing with large banks if branching were allowed. As a result, the United States was a nation of one-office banks, the vast majority of which were small institutions.

In 1898, New York became one of the first states to permit branch banking on a limited scale when it allowed New York City banks to have branches anywhere in the city’s five boroughs. The Corn Exchange Bank, a predecessor of Chemical Bank, quickly capitalized on the new rules, opening a dozen branches within four years and changing its focus from providing credit to grain merchants to serving retail customers. When New York City inaugurated its subway system in 1904, the bank opened branch offices in residential areas along the subway lines to serve commuters.

In 1913, Congress established the Federal Reserve System to regulate the money supply and manage the economy. The Federal Reserve formally assumed the role of central banker that had been informally held by J. Pierpont Morgan for years. The Federal Reserve Act of 1913 gave national banks the right to make real estate loans and exercise trust powers.
The World War I Years

World War I was devastating for Europe, America and the world. Many bank employees joined the armed forces, in some cases giving their lives. J.P. Morgan & Co. played a major role in financing the Allied victory. In September 1915, the firm arranged a $500 million Anglo-French loan, at that time the largest foreign loan in Wall Street history. Moreover, the firm was chosen by the European Allies as their U.S. purchasing agent. Its purchases during the war — involving everything from horses to artillery shells — came to $3 billion, representing nearly half of all American supplies sold to the European Allies.

The war was, at the same time, a watershed for the U.S. economy and the nation’s banks. The United States was a net debtor nation when the war began in 1914. After the war, with many parts of Europe in ruins and desperately in need of reconstruction loans, the United States supplied much of the capital and became a net creditor nation. In the process, New York emerged as the world’s leading capital market.

Before the United States entered the war, J.P. Morgan & Co. aided the British and French, arranging a $500 million loan that was offered to investors in the United States. Britain’s King George V sent this cable personally thanking J.P. Morgan, Jr. for his wartime help.

Guaranty Trust Co. employees, below, posed at an officers’ training camp in Plattsburgh, New York, in 1917. The Ouachita National Bank in Monroe, Louisiana, distributed this 1919 customer brochure, left, profiling important leaders in the Allied cause.

Patriotic imagery was used extensively in posters to spur sales, as in this one from 1918. Many JPMorgan Chase & Co. predecessors were active in the distribution of War Bonds that helped finance the American war effort.
The Roaring ’20s

The banking industry changed dramatically in the 1920s, a decade of innovation and diversification. Many banks formed investment departments to meet customer demand for government and corporate securities. Some large banks went beyond the marketing of securities and established underwriting affiliates. Chase National Bank and Guaranty Trust Co. in New York became major players in the underwriting business – Chase in 1917 through its Chase Securities Corp. affiliate and Guaranty Trust through its Guaranty Co. affiliate, established four years later. Diversification took banks into other areas as well. In 1919, The First National Bank of Chicago created an affiliate, First National Investment Co., which invested in second mortgages and operated a travel agency.

The 1920s also saw a wave of bank mergers, failures and voluntary liquidations, with the result that the number of banks in the United States declined by 20% from 1921 to 1929.

Global expansion was another key theme of the 1920s, made possible by the Federal Reserve Act of 1913, which removed many legal obstacles in the chartering of overseas branches. Ironically, some banks suddenly found it easier to establish branch offices in distant lands than to overcome state anti-branching laws in order to open branches at home.

Chase National Bank, after acquiring five banks during the 1920s and three Latin American branches in Cuba and Panama, merged with The Equitable Trust Co. of New York in 1930. Equitable Trust’s branches in Mexico City, London, Paris, Hong Kong, Shanghai and Tianjin all became part of Chase when the two companies merged. Chase began the 1930s with one of the banking industry’s larger overseas branch systems, with a presence in Europe, Asia and Latin America. The Chase-Equitable merger not only created the world’s largest bank in terms of assets and deposits but also gave the Rockefeller family, which controlled Equitable, a strong connection to Chase. The Rockefellers have been associated with Chase ever since.

Not only were banks interested in foreign opportunities, so were many stock market investors. In 1927, Guaranty Trust Co. opened the way for Americans to buy foreign stocks by inventing the American Depositary Receipt (ADR). JPMorgan Chase & Co. continues as the leading ADR depository bank today.

Foreign branches, such as those in Shanghai, Paris, San Juan and London, offered full-service banking in the 1920s, including trade financing and government loans.
Numerous First National Bank of Chicago customers wrote letters to Melvin Traylor, the bank’s president, thanking him for inspiring confidence and offering him their support.

On March 24, 1933 customers mobbed the new National Bank of Detroit to open 562 accounts on the bank’s opening day, following six weeks without banking services in Detroit. Customers brought in bundles of currency and coins ranging from a few hundred to several hundred thousand dollars.

The 1929 Market Crash and the Great Depression

Although the banking industry had an abundance of money to lend in the 1920s, large corporations borrowed less, choosing instead to finance a sizable portion of their capital needs in the stock and bond markets. Consequently, banks sought new lending outlets, including loans to individuals speculating in the stock market.

As the stock market rose, these loans produced solid returns. But when the market crashed in October 1929, many of the loans went into default. For the banking industry, the 1930s would be the most difficult period in history.

In the years after the crash, thousands of banks faced hard times because of loan losses, depositor withdrawals, inadequate reserves and, in some cases, the collapse of speculative investments made in the 1920s. Even well-capitalized, well-managed institutions were battered by the financial panics that swept across the nation. In June 1932, depositors began withdrawing money from First National – Chicago’s largest bank – when unknown individuals circulated flyers claiming First National was insolvent. Media reports speculated that the attacks were the work of political enemies of First National’s president, Melvin Traylor, considered a potential Democratic Party nominee for U.S. president. Traylor responded to the attacks with an impassioned speech, attesting to First National’s soundness, ending the run.

In Houston, two of the city’s major banks were on the brink of collapse in October 1931. National Bank of Commerce President Jesse Jones called a secret meeting of the city’s bank leaders, urging them to pool $1.25 million to save the failing institutions. Some of the bankers did not want to risk any of their limited capital, but Jones argued that allowing the two banks to collapse might bring down the entire banking sector in the city. A rescue was finally agreed to, including the absorption of one of the failing banks by Jones’ National Bank of Commerce. Because of his leadership, not a single bank in Houston collapsed during the Depression.

While thousands of banks across the country went out of business during the ’30s, JPMorgan Chase predecessor National Bank of Detroit was formed at the very depths of the Depression. After Michigan’s governor declared an eight-day bank holiday in February 1933 – closing all of Michigan’s banks so they could regroup financially – Detroit’s two largest banks lacked the funds to reopen, leaving the city virtually without banking services for the next six weeks. General Motors Corp. and the federal Reconstruction Finance Corp., the government agency that provided emergency financing to banks, stepped into this void to establish National Bank of Detroit. Local corporations and consumers, desperate for checking services, flocked to the new institution. On the bank’s first day, Chrysler Corp. deposited $4 million, General Motors $1 million and General Electric Co. $500,000. The two founding institutions divested their ownership in the 1940s, and National Bank of Detroit grew into the largest bank in Michigan. It merged with First Chicago Corp. in 1995 to form First Chicago NBD Corp.
In May 1933, J.P. Morgan, Jr., who had become the senior partner of J.P. Morgan & Co. following his father’s death in 1913, testified at a series of Senate committee hearings. He publicly stated the guiding principle of his firm—"first-class business … in a first-class way."

First-Class Business

In May 1933, J.P. “Jack” Morgan, Jr., as well as several Morgan partners and other major bank executives, testified at hearings held by the Senate Committee on Banking and Currency investigating the causes of the 1929 stock market crash and the subsequent banking crisis. The hearings raised the question of the role banks played in the speculative fever leading up to the crash.

J.P. Morgan & Co. was the first private bank investigated and Jack Morgan the first Morgan witness. In his opening statement, Jack Morgan emphasized with great dignity the duties and ethics of the private banker upheld by three generations of Morgans at the firm and still a cornerstone of JPMorgan Chase & Co. today: "If I may be permitted to speak of the firm of which I have the honour to be the senior partner, I should state that at all times the idea of doing only first-class business, and that in a first-class way, has been before our minds. We have never been satisfied with simply keeping within the law, but have constantly sought to act that we might fully observe the professional code, and so maintain the credit and reputation which has been handed down to us from our predecessors in the firm."

This building at 23 Wall Street, which opened in 1914, was the headquarters of J.P. Morgan & Co. for 75 years. It embodied the discreet style of business that characterized the firm. The building façade never bore a name, only the number 23 on its entrance doors.
Glass-Steagall

In the wake of the banking crisis, President Franklin D. Roosevelt’s administration sought legislation to reduce banking risk. Congress responded by passing the Banking Act of 1933. Popularly known as Glass-Steagall, the act created federal deposit insurance, prohibited the payment of interest on checking accounts and authorized the Federal Reserve to impose a ceiling on the interest banks could pay on time deposits and savings accounts. Equally important, the law erected a wall between commercial banking (taking deposits and making loans) and investment banking (underwriting securities).

Three predecessors, in particular, had to make a choice. J.P. Morgan & Co., still the world’s most powerful bank, chose to continue as a commercial bank, spinning off its investment banking activities. Guaranty Trust Co., which also had a major presence in commercial and investment banking, closed its securities affiliate and underwriting business. Morgan and Guaranty merged in 1959 to create Morgan Guaranty Trust Co. of New York, later forming a holding company that restored the famous J.P. Morgan & Co. name. For Chase National Bank, the decision was relatively easy. Its newly elected chairman, Winthrop Aldrich, had spoken out publicly in favor of driving a wedge between commercial and investment banking. Chase National complied immediately with the new law, closing or spinning off all its Chase securities affiliates.

World War II

The banking industry recovered from the trauma of early 1933 and began to stabilize. More than 4,000 banks had failed during the year. In 1934, there were just 61 failures; over the next eight years, 53 institutions, on average, failed annually.

After America entered the war in 1941, U.S. commercial banks again became the leading distributors of War Bonds, which were sold in denominations as small as $10. By war’s end, more than 60% of the American population had bought War Bonds, with total purchases coming to $186 billion.

Hundreds of thousands of bank employees served in the military during the war. As men (and some women) left their jobs to enlist, banks appointed women to positions previously held by men — an initial small fracturing of the traditional male dominance of banking.

The Great Depression had highlighted the need for increased global cooperation to avoid another worldwide economic collapse. Toward the end of World War II, policymakers in the United States, Great Britain and other nations began to develop an international system aimed at promoting financial stability and encouraging global trade.

During World War II, Valley National Bank, the largest bank in Arizona, offered a unique loan of up to $300 to airmen stationed at Arizona airfields, enabling them to travel on home leaves. One hundred percent of the airmen repaid their loans.
Global Banking


Chase’s postwar expansion was led by David Rockefeller, who joined the bank in 1946 as assistant manager of the Foreign Department after serving in Army intelligence during World War II. He was elected vice president of Chase in 1949, president in 1961 and chief executive officer in 1969. In 1947, at the invitation of U.S. military authorities, Chase established the first U.S. postwar bank branches in Germany and Japan. These branches joined existing Chase branches in London and Paris and were followed by the opening of others around the world. In the 1970s, Chase added nearly 40 new branches, representative offices, affiliates, subsidiaries and joint ventures outside the United States, including two historic firsts in 1973: Chase opened a representative office in Moscow, the first presence for a U.S. bank in the Soviet Union since the 1920s; and Chase became the first U.S. correspondent to the Bank of China since the 1949 Chinese Revolution.

In addition to Chase, several other predecessors transformed themselves into global institutions. Morgan Guaranty Trust Co. became a major international player. Prior to the merger with Guaranty Trust Co., J.P. Morgan owned a one-third interest in London merchant bank Morgan Grenfell & Co. while Guaranty had maintained a London office since early 1897. These operations were a platform for global expansion. By 1965, Morgan Guaranty had five overseas branches, and by 1978, it had 16. Among Midwestern banks, The First National Bank of Chicago was perhaps the most active internationally, establishing offices in 25 countries by 1973.

By 1980, some 160 U.S. banks were operating branch or representative offices outside the United States. In turn, many banks in Europe, Asia and other regions extended their operations to the United States.
Banking Industry Consolidation

In addition to the powerful trend toward globalization, a second major postwar trend was industry consolidation through mergers, acquisitions and the formation of multi-bank holding companies.

In New York City, a wave of mergers created a few big banks serving many customers through extensive branch networks. All four of JPMorgan Chase’s major New York City heritage firms – J.P.Morgan & Co., The Chase Manhattan Bank, Manufacturers Hanover Trust Co. and Chemical Bank – grew through mergers in the 1950s.

After passage of the 1956 Bank Holding Company Act, all four created holding companies that gained popularity and helped shape the industry for decades. The new law allowed holding companies owning just one bank to diversify into some non-banking activities.

First Banc Group of Ohio, formed in 1968, was one of the most innovative and successful multi-bank holding companies in the nation, created by City National Bank & Trust Co. of Columbus and Farmers Saving & Trust Co., a smaller Ohio bank. First Banc Group acquired banks throughout Ohio and later extended its acquisitions to Arizona, Colorado, Indiana, Texas, Utah, Wisconsin and other states. The company later changed its name to Bank One Corp.

Development of Credit Cards

Although the first multi-use credit card was launched by Diners Club in 1950, credit cards did not gain widespread public acceptance until the late 1960s. Several JPMorgan Chase predecessors played key roles.

In 1958, The Chase Manhattan Bank introduced the Chase Manhattan Charge Plan, becoming the first New York City bank and one of the first in the nation to offer customers a single retail charge account that provided credit at a citywide network of stores.

In 1966, shortly before founding First Banc Group of Ohio, City National Bank & Trust Co. of Columbus became one of the first banks outside California to introduce BankAmericard, the precursor of Visa. Five years later, City National was involved with the first major national test of point-of-sale terminals for processing credit card transactions.

Manufacturers Hanover Trust Co. and Chemical Bank entered the national credit card business in 1969 as founding members of the Eastern States Bankcard Association. This group linked up with other regional bank groups to form a nationwide network that began issuing cards under the Master Charge Plan (now MasterCard), a direct competitor of BankAmericard.

In 1981, Bank One received national attention for linking its Visa card issuance and data processing technology to several major brokerage firms’ money market funds, giving customers access to their money market accounts through their Visa cards. Propelled in part by the popularity of this new service, Bank One became the nation’s largest processor of Visa card transactions.
ATMs and Debit Cards

JP Morgan Chase predecessors were instrumental in introducing automated teller machines (ATM), which revolutionized banking by allowing customers to conduct transactions from almost any ATM in the world.

In 1969, Chemical Bank installed the first prototype cash-dispensing machine in America, a precursor of the ATM, becoming the first bank in the country to allow customers to withdraw cash 24 hours a day. City National Bank & Trust Co. of Columbus also embraced the new technology, installing the first production-model cash-dispensing machines in 1970.

Several predecessors of JP Morgan Chase also were instrumental in forming some of the early electronic banking networks to enable customers to withdraw funds from ATMs not only at their own banks but also at competitor banks. Marine National Exchange Bank of Milwaukee helped establish TYME (Take Your Money Everywhere); National Bank of Detroit was a founder of METROMONEY, the first shared electronic bank terminal program in Michigan; and in 1985, Chemical Bank and Manufacturers Hanover Trust Co. were among the founders of NYCE (New York Cash Exchange), the first automated teller network in the New York metropolitan area.

Bank debit cards, introduced in the late 1970s, enabled customers to withdraw cash from ATMs, pay for retail purchases with a card in lieu of a check and access additional banking services. The Chase Manhattan Bank introduced the Chase Money Card—the first Visa debit card offered by a bank in New York.
**Difficult Competitive Environment**

The restrictions imposed on banks by Glass-Steagall began to erode in the 1970s as competition from non-banking institutions and the growing role of technology drove change. Innovative financial products were launched by brokers, mutual fund companies, savings banks and other providers – products that enabled customers to earn higher returns on their money and enjoy greater flexibility in managing their assets. Many of these products competed with savings accounts, checking accounts and other banking services.

In this prolific environment of innovation and change, regulatory policies originally aimed at protecting banks were handicapping their ability to compete, and rate deregulation began slowly. In 1978, the Federal Reserve authorized banks to issue a new product – the six-month money market certificate with a variable rate ceiling tied to six-month Treasury bills. Nearly all of JPMorgan Chase’s predecessor banks offered the certificates.

Later that same year, banks were authorized to introduce “sweep” services, overcoming the long-standing prohibition against paying interest on checking accounts. This helped banks compete with brokerage firm sweep programs and thrift institutions’ interest-paying NOW checking accounts, which combined checking and savings in a single account. When in 1979 commercial banks got regulatory approval to offer NOW checking accounts, The Chase Manhattan Bank was among the first to introduce the new service.

Spurred in part by this piecemeal and sometimes complex deregulation, Congress passed the Depository Institutions Deregulation and Monetary Control Act of 1980, which phased out all savings rate ceilings on consumer accounts over a six-year period, completely removing the rate ceilings imposed by Glass-Steagall by 1986.

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**Home Banking by Computer**

Several JPMorgan Chase predecessors played key roles in the development of home banking. In 1980, Bank One developed and tested one of the earliest online home banking services. Called Channel 2000, it allowed bank customers to view their bank and department store balances on a television screen, pay bills and shift money between accounts. The service worked over regular telephone lines; the Internet – which is used today for home banking – was not commercialized until 1987.

In 1983, Chemical Bank introduced Pronto, the first major full-fledged online banking service. Using a home computer, modem and software, customers could pay bills, transfer funds, review account balances, track budgets and balance their checkbooks. After establishing the service in New York, Chemical began licensing it to banks around the country and later introduced a version for small businesses.

In 1985, The Chase Manhattan Bank launched its electronic home banking service, called Spectrum, which not only permitted banking transactions but also allowed customers to buy and sell stocks through a discount broker affiliated with Chase.

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Ever committed to advancing bank technology, JPMorgan Chase’s predecessors were innovators of early home banking technologies. Bank One tested Channel 2000 in 1980.
Erosion and Repeal of Glass-Steagall

Another fundamental element of Glass-Steagall – the wall between commercial and investment banking – crumbled in response to market change, and JPMorgan Chase heritage institutions were in the center of the action. In 1987, The Chase Manhattan Corp. became the first commercial banking institution to receive Federal Reserve approval to underwrite commercial paper (unsecured short-term corporate debt). Another New York bank previously had been permitted to sell commercial paper as an agent, but Chase was the first to underwrite and deal in paper for its own account.

The Fed quickly expanded the scope of the Chase ruling by allowing three major bank holding companies, including J.P. Morgan & Co. Incorporated, to underwrite not only commercial paper but also mortgage-backed securities, municipal revenue bonds and securities backed by consumer receivables.

The Federal Reserve further broadened its ruling in 1989 when it granted J.P. Morgan & Co. Incorporated the authority to underwrite corporate debt, marking the first corporate debt securities offering underwritten by a commercial bank affiliate in the United States since Glass-Steagall was signed into law in 1933. One year later, the Fed approved Morgan’s application to underwrite stocks. In the wake of this landmark ruling, Morgan quickly built a leading investment banking operation and by 1997 was the fourth-largest securities underwriter in the world.

Faced with the reality that the Glass-Steagall barriers were being dismantled by regulators, Congress in 1999 passed the Gramm-Leach-Bliley Act, which removed the remaining barriers and allowed financial companies to participate fully across segments. Among other provisions, the new law allowed banks to acquire full-service brokerage and investment banking firms.

Beginning in the 1980s, J.P. Morgan & Co. Incorporated had developed its investment banking capability through internal development. Chase, by contrast, built its capability through merger, starting with the 1999 acquisition of San Francisco investment bank Hambrecht & Quist, a specialist in the technology industry. Continuing its expansion, in 2000, Chase bought The Beacon Group, a merger and acquisition advisory and private investment firm, and London-based Robert Fleming Holdings Ltd., an asset management and investment banking concern.

Deregulation and Industry Consolidation

The emergence of nationwide branch banking was another cornerstone of the changes taking place in financial services.

As of 1975, banking was still primarily a local business. Only 14 states allowed statewide branching, and none permitted out-of-state banks to open branches within their borders. However, pressure for greater branching freedom was mounting, reflecting growing awareness of the consumer convenience of branches, the need for banks to diversify their risks beyond their local markets, and an emerging legislative consensus that deregulation would promote freer markets and greater competition.

Branching deregulation occurred in the 1980s at the state rather than the federal level. In the period from
1975 through 1990, more than 25 additional states – including New York, Ohio, Texas and others in which JPMorgan Chase predecessors operated – authorized statewide branching. In 1984, The Chase Manhattan Bank ventured to upstate New York by acquiring Lincoln First Banks Inc. in Rochester. Following the transaction, Chase had 330 branches across the state, the largest branch network in New York. As Illinois anti-branching laws were eased, First Chicago Corp. – the holding company for The First National Bank of Chicago – made a series of acquisitions to expand its business. In 1984, First Chicago acquired Chicago-based American National Corp. and three years later acquired First United Financial Services Inc., a five-bank holding company in suburban Chicago.

The 1980s also saw the formation of regional banking zones, representing a major step toward national banking. Banc One Corp. (later Bank One) was especially active in acquiring banks not only in its home state of Ohio but in other states as well. Its first out-of-state acquisition was the purchase of Purdue National Corp. of Lafayette, Indiana, in 1984. By 1994, it owned 81 banks with more than 1,300 branches in 13 states, including banks in Wisconsin (The Marine Corp.), Illinois (Marine Corp.), Colorado (Affiliated Bankshares of Colorado), Kentucky (Liberty National Bancorp), Oklahoma (Central Banking Group), West Virginia (Key Centurion Bancshares), Arizona (Valley National Corp.) and Utah (Capital Bancorp). More acquisitions soon followed.

Banking zones expanded rapidly in geographic size as more states passed reciprocal banking laws. In 1987, Chemical New York Corp. acquired Texas Commerce Bancshares, Inc., the largest interstate banking merger in U.S. history at that time, and First Chicago Corp. acquired Beneficial National Bank USA of Wilmington, Delaware, becoming the third-largest issuer of bank credit cards in the United States.

The growth of banking zones culminated in 1994 with the passage of the federal Riegle-Neal Interstate Banking and Branching Efficiency Act, which made national banking the law of the land. Riegle-Neal permitted bank holding companies to buy banks throughout the United States beginning in the fall of 1995 and permitted nationwide branching – that is, branch offices owned and operated by a single bank – as of June 1997.

Many multi-state, multi-bank holding companies soon began to streamline operations by merging their banks. In 1999, Bank One Corp. integrated its banks in Ohio, Michigan, Indiana and Illinois into a single bank with the Bank One name.

The 1990s represented a period of mergers and consolidation for the banking industry. Because of consolidation, the number of commercial banks in the United States declined to 7,549 as of mid-2005 from 12,343 at the end of 1990. However, the number of branches and automated teller machines continued to increase, providing consumers with more banking outlets than ever.
Key Mergers That Shaped JPMorgan Chase & Co.

Many JPMorgan Chase & Co. predecessors took part in the merger movement that began in the early 1990s. Key transactions that led to the formation of JPMorgan Chase include:

- In 1991, Chemical Banking Corp. merged with Manufacturers Hanover Corp., keeping the name Chemical Banking Corp., then the second-largest banking institution in the United States.
- In 1995, First Chicago Corp. merged with NBD Bancorp Inc., forming First Chicago NBD Corp., the largest banking company based in the Midwest.
- In 1996, Chemical Banking Corp. merged with The Chase Manhattan Corp., keeping the name The Chase Manhattan Corp. and creating what then was the largest bank holding company in the United States.
- In 1998, Banc One Corp. merged with First Chicago NBD Corp., taking the name Bank One Corp. Merging subsequently with Louisiana’s First Commerce Corp., Bank One became the largest financial services firm in the Midwest, the fourth-largest bank in the United States and the world’s largest Visa credit card issuer.
- In 2000, The Chase Manhattan Corp. merged with J.P. Morgan & Co. Incorporated, in effect combining four of the largest and oldest money center banking institutions in New York City (Morgan, Chase, Chemical and Manufacturers Hanover) into one firm called JPMorgan Chase & Co.
- In 2004, Bank One Corp. merged with JPMorgan Chase & Co., keeping the name JPMorgan Chase & Co. Fortune magazine said that “the combined bank will be big and strong in a panoply of businesses,” adding that “the deal has been widely lauded” by investment analysts. The New York Times said the merger “would realign the competitive landscape for banks” by uniting the investment and commercial banking skills of JPMorgan Chase with the consumer banking strengths of Bank One.
- In 2008, JPMorgan Chase & Co. acquired The Bear Stearns Companies Inc., strengthening its capabilities across a broad range of businesses, including prime brokerage, cash clearing and energy trading globally.
JPMorgan Chase & Co. Today

JPMorgan Chase & Co. is a leading global financial services firm with operations in more than 50 countries and has its corporate headquarters in New York City. Under the J.P. Morgan and Chase brands, it serves millions of consumers in the United States and many of the world’s most prominent corporate, institutional and government clients.

Its six major businesses are:

**Investment Bank**
JPMorgan is one of the world’s leading investment banks, with deep client relationships and broad product capabilities. The Investment Bank’s clients are corporations, financial institutions, governments and institutional investors. The firm offers a full range of investment banking products and services in all major capital markets.

**Retail Financial Services**
Retail Financial Services helps meet the financial needs of consumers and businesses. Under the Chase brand, the consumer business includes credit card, small business, home finance, auto finance, home equity loans, education finance and insurance.

**Card Services**
Chase Card Services is one of the largest credit card issuers in the United States. The firm offers a wide variety of general purpose cards to satisfy the needs of individual consumers, small businesses and partner organizations.

**Commercial Banking**
Commercial Banking serves a variety of clients, including corporations, municipalities, financial institutions and not-for-profit entities. The firm’s broad platform positions Commercial Banking to deliver extensive product capabilities – including lending, treasury services, investment banking and asset management – to meet its clients’ needs.

**Treasury & Securities Services**
Treasury & Securities Services is a global leader in providing transaction, investment and information services to support the needs of institutional clients worldwide. Treasury & Securities Services is one of the largest cash management providers in the world and a leading global custodian.

**Asset Management**
Asset Management is a global leader in investment and wealth management. Asset Management clients include institutions, retail investors and high-net-worth individuals in every major market throughout the world.

In over 45 years of collecting, JPMorgan Chase & Co. has built an international art collection with great breadth and depth. The collection includes a diverse range of artwork, with representation from every country in which we do business.

Tony Cragg
Palette, 1980
Painted wood and found objects
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The JPMorgan Chase Archives

Begun in 1975 by Chase Manhattan Bank Chairman David Rockefeller, the JPMorgan Chase Archives is one of the oldest corporate history programs in the United States. Recognized as an important corporate asset and an invaluable resource for financial history, the Archives has continually advanced the firm’s rich legacy by collecting and preserving historical materials of JPMorgan Chase & Co. and its more than 1,000 predecessor institutions worldwide. With over 7,000 feet of records, the extensive collection traces the remarkable origins, developments and achievements of the firm from 1799 to the present and documents key events and business decisions, offering valuable insight into the firm’s mission and vision.
The History of JPMorgan Chase & Co.
200 Years of Leadership in Banking