

Savings Bank

A **savings bank** is a financial institution whose primary purpose is accepting savings deposits and paying interest on those deposits.

They originated in Europe during the 18th century with the aim of providing access to savings products to all levels in the population. Often associated with social good these early banks were often designed to encourage low income people to save money and have access to banking services. They were set up by governments or by or socially committed groups or organisations such as with credit unions. The structure and legislation took many different forms in different countries over the 20th century.

The advent of internet banking at the end of the 20th century saw a new phase in savings banks with the online savings bank that paid higher levels of interest in return for clients only having access over the web.

History

In Europe, savings banks originated in the 19th or sometimes even the 18th century. Their original objective was to provide easily accessible savings products to all strata of the population. In some countries, savings banks were created on public initiative, while in others, socially committed individuals created foundations to put in place the necessary infrastructure.

In 1914, the *New Student's Reference Work* said of the origins:^[1]

France claims the credit of being the mother of savings banks, basing this claim on a savings bank said to have been established in 1765 in the town of Brumath, but it is of record that the savings bank idea was suggested in England as early as 1697. There was a savings bank in Hamburg, Germany, in 1778 and in Berne, Switzerland, in 1787. The first English savings bank was established in 1799, and postal savings banks were started in England in 1861.

The first chartered savings bank in the United States was the Provident Institution for Savings in the Town of Boston, incorporated December 13, 1816. The Philadelphia Savings Fund Society began business the same year, but was not incorporated until 1819. In 1818 banks for savings were incorporated in Baltimore and Salem, and in 1819 in New York, Hartford, Newport and Providence.

By Country

Nowadays, European savings banks have kept their focus on retail banking: payments, savings products, credits and insurances for individuals or small and medium-sized enterprises. Apart from this retail focus, they also differ from commercial banks by their broadly decentralised distribution network, providing local and regional outreach.

- Austria: see *Erste Group*
- Brazil: see *Caixa Econômica Federal*
- Communist Czechoslovakia: see *Economy of Communist Czechoslovakia*
- Germany: see *Sparkassen*
- Italy: see *Cassa di risparmio*
- New Zealand: Savings banks ceased to exist in 1987 as an official type of bank, being replaced with registered banks (Grimes, 1998)
- Norway: see *Sparebank*
- Portugal: see *Caixa Geral de Depósitos*
- Soviet Union: Traditionally, the Russian term *sberkassa* (сберкасса, сберегательная касса) is translated as "savings bank". However *sberkassas* were not banks in the common sense. Initially they were the outlets of the only Soviet State Bank, *Gosbank* until 1987 and *Sberbank* (USSR Savings Bank) afterwards.
- Spain: see *Savings bank (Spain)*
- United Kingdom: see *Trustee savings bank*
- United States: see *Savings and loan association, Federal savings bank, and Mutual savings bank*

References

1. "Banks". *New Student's Reference Work*. 1914., via Wikisource

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