

# Yokohama Specie Bank

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**The Yokohama Specie Bank Limited originally was a private commercial bank which became a Japanese official overseas bank in the 1890s. The bank issued and circulated Japanese military notes during Sino-Japanese war periods, and was closed in 1945 after World War II.**

**T**he Yokohama Specie Bank was established on 28 February 1880 in Yokohama, Japan, to engage in foreign trade and discount trade bills. The bank was originally private but soon became the quasi-official

bank of Japan because of the capital that the Meiji (1868–1912) government had injected into the bank during its financial crisis in early years. The government also granted the Yokohama bank a charter to handle foreign exchange reserves and to issue government notes. To expand foreign trade and share the sphere of influence in China, the bank opened its first China branch in Shanghai in 1893.

In the later nineteenth century Japan used a multi-metallic currency system based on gold, silver, and copper cash. This complex currency system contributed to fluctuations in transactions of foreign trade and foreign exchange. As a result of China's loss in the Sino-Japanese War in 1895, Japan received a large quantity of gold as war



**The Dalian Branch of the Yokohama Specie Bank. Photo taken around 1915.**

indemnity from China and used it as reserves to establish a gold standard in 1897. As the first Japanese national overseas bank, the Yokohama Specie Bank handled transactions involving the indemnity and also used part of the gold as reserves to issue bank notes in China.

Since many Japanese firms in China conducted their business with other countries solely through the Yokohama Specie Bank, the bank gained a strong national prestige within Japan. With its privileged relationship with most Japanese trading firms and benefits from government, which included being granted a deep discount rate and low tariffs, the Yokohama Specie Bank became a strong competitor of other foreign banks in China. From 1880 to 1926 the bank's capital increased from an initial ¥3 million to ¥100 million.

From 1893 to 1945 the Yokohama Specie Bank opened thirty-four branches in China and built a large banking and financial network, especially in northeast China. During this period the Yokohama bank acted as the Japanese central bank in issuing banknotes, which were linked with Japanese yen in the currency circulation of northeast China. In addition, this bank gained a special right to finance the construction of Manchou railways, controlled regional foreign trade, and acted as the de facto Japanese treasury to receive Maritime Customs revenue in northeast China. After the outbreak of the World War II in the Pacific in December 1941 the Yokohama Specie Bank replaced the British Hong Kong and Shanghai

Banking Corporation in handling China's Maritime Customs revenue. The bank's major wartime financial activity was issuing military notes to finance Japanese military activities in China.

After Japan's unconditional surrender in August 1945 the Yokohama Specie Bank was closed. It was reorganized into the Bank of Tokyo in 1947.

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## Further Reading

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