Hokkien, Teochew and Cantonese banking

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Why the banks followed dialect lines

The Chinese of Singapore were divided into speech groups, each with its own associations, temples, trades and leaders. Chapter V of Part A described this dialect map and the institutions built on it. When the Chinese founded banks, they followed the same lines. The economic historian W. G. Huff observes that the development of Chinese deposit banking in Malaya divided along dialect lines. Between 1903 and the Second World War thirteen Chinese banks were founded in Malaya, eleven of them in the Straits Settlements and two in the peninsula.[1]

The logic was economic as much as cultural. A deposit bank needs the confidence of people who cannot inspect its books. In the Chinese community that confidence attached to persons. Those who could command it were the leaders of a dialect group, known to its members through the associations, the temples and the trades. Huff notes that the confidence vital to deposit banking was gained through the participation of major entrepreneurs as founders and directors, whose standing

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persuaded a wider Chinese public to lend them its money.[2] The dialect bank was therefore a way of converting the personal reputation described in Part A as *xinyong* into institutional deposits.

The Teochew bank: Sze Hai Tong

The second Chinese bank in Singapore was founded by the Teochew community. The National Library dates its establishment to February 1906, while other sources give 1907 as the year of its incorporation as the Sze Hai Tong Banking and Insurance Company.[3] The gap probably reflects the difference between the start of business and formal registration. One of its directors, Tan Swi Phiau, was also comprador to the Netherlands India Commercial Bank, which illustrates how the new Chinese banks drew on men trained in the comprador system.[4]

The Teochews dominated two trades in Singapore that required banking services: rice and remittances. By the mid-twentieth century Teochew merchants accounted for over 70 per cent of the local wholesale rice market, while in the twentieth century Teochew-owned remittance houses held 70 per cent of the local remittance market. A Teochew bank could hold the working balances of these firms and finance the rice trade with Bangkok, where several Teochew merchants operated mills. Sze Hai Tong remained a modest institution. It survived as an independent bank for more than six decades, until OCBC acquired it under its later name, Four Seas Communications Bank, in 1972.[5]

The Hokkien banks: Chinese Commercial, Ho Hong and Oversea-Chinese

The Hokkien, the largest dialect group in Singapore, founded three banks in seven years. The Chinese Commercial Bank came first, when its Hokkien shareholders met at the Chinese Chamber of Commerce on Hill Street on 17 August 1912 to elect the first directors. The bank registered a nominal capital of $4 million and issued $2 million, which was oversubscribed. It opened for business on 2 December 1912. Its

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founders included Lim Peng Siang, Lee Choon Guan and Dr Lim Boon Keng, three of the most prominent Hokkien leaders of the time. Its first year produced a profit of $84,742.03.[6]

Lim Peng Siang was the driving force of Hokkien banking in this period. Born in Amoy in 1872, he founded the Ho Hong group with his brother Lim Peng Mau in 1904, took over most of the shipping business of Wee Bin and Co. in 1911 and founded the Ho Hong Steamship Company in 1913. His second bank, the Ho Hong Bank, was registered on 15 March 1917 and began business on 2 April 1917. It had an authorised capital of $8 million and an issued capital of $4 million, of which $3.5 million was subscribed and half paid up.[7]

Ho Hong was the most outward-looking of the Chinese banks. It opened branches in Malacca and Muar at once and in Batu Pahat on 1 July 1917, began business in Penang in May 1918 and by the end of May 1919 had agencies in London, New York, San Francisco and Semarang. It raised its authorised capital to $20 million in September 1920 and opened a branch in Hong Kong on 1 October 1923. Its general manager Seow Poh Leng built up a foreign exchange business, which made Ho Hong the first Chinese bank in Malaya to engage in international banking.[8] The same exchange business would bring the bank close to ruin in 1931.

The Oversea-Chinese Bank completed the trio in 1919. It was founded by a group of Hokkien merchants with a paid-up capital of $5.25 million, among them the rubber magnate Tan Ean Kiam, who became its managing director.[9] The sawmill owner Tan Cheng Siong sat on its first board and became its first general manager without an English education. The Oversea-Chinese Bank and the Chinese Commercial Bank jointly built the five-storey China Building in 1929, a visible sign of the confidence that Hokkien banking had reached on the eve of the Depression.[10]

The Cantonese after Kwong Yik

The failure of Kwong Yik left the Cantonese community without a bank. Cantonese businessmen reorganised their banking interests and founded the Lee Wah Bank, incorporated in Singapore on 20 March 1920.[11] The bank remained an independent

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Cantonese institution for half a century before it was absorbed by the United Overseas Bank, the third of the large Singapore banks. The sources diverge on the date of the takeover, which falls in the early 1970s. Part D examines the consolidation of that period.[12]

The three dialect patterns differed in their economic base. The Teochew bank was tied to rice and remittances. The Cantonese banks drew on construction, planting and pawnbroking. The Hokkien banks rested on the largest and most dynamic sector of the colonial economy: rubber, together with shipping and trade with the Netherlands Indies. That base gave them their size, although it also exposed them most directly to the volatility of a single commodity.

Rubber and the volatility of deposits

All three Hokkien banks relied on sponsors and directors involved in the production and processing of rubber, among them Lee Kong Chian, Lim Nee Soon and Yap Pheng Geck. Their deposits followed the price of rubber. During the First World War, when Malaya began to export rubber in large quantities, Chinese bank deposits grew fourfold. They more than halved between 1919 and 1922, then more than doubled between 1924 and 1925 when the Stevenson restriction scheme lifted rubber prices.[13] Chapter IV of this part examines the rubber economy and the restriction scheme.

Huff explains why rubber made diversification so difficult. Rubber was so important to the Malayan economy that risk specific to the industry and systemic risk to the whole economy were almost the same thing.[14] When rubber prices fell, depositors withdrew funds out of uncertainty and because they needed cash to pay for imports. A bank whose borrowers and depositors were rubber men could not escape the cycle by lending to other rubber men, which was what most Hokkien bankers knew how to do.

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Notes

1. W. G. Huff, "Currency Boards and Chinese Banking Development", 2003, p. 5: "The development of Chinese deposit banking in Malaya divided along dialect (speech group) lines"; W. G. Huff, "Currency Boards and Chinese Banking Development", 2003, p. 5, citing Tan Ee-Leong, "The Chinese banks incorporated in Singapore and the Federation of Malaya", *Journal of the Malayan Branch of the Royal Asiatic Society*, vol. 26, 1953, pp. 113–139: from 1903 to World War II, 13 Chinese banks (11 in the Straits Settlements and two in Peninsular Malaya). ↩

2. W. G. Huff, "Currency Boards and Chinese Banking Development", 2003, p. 5: "the confidence vital to deposit banking was gained by the participation of major entrepreneurs as founders and directors", who instilled trust among a wider Chinese public. ↩

3. Incorporation as Sze Hai Tong Banking & Insurance Company Limited in 1907, renaming as Sze Hai Tong Bank Limited in 1957 and as Four Seas Communications Bank Limited in 1964, acquisition by OCBC in 1972 and merger in 1998: National Heritage Board media release on the Teck Kee boundary marker, 2022, and other secondary sources. ↩

4. Ong Eng Chuan, "Money Lending: A Short History", *BiblioAsia*, April 2007: Sze Hai Tong "was set up in February 1906, the second Chinese bank"; Ong Eng Chuan, "Money Lending: A Short History", *BiblioAsia*, April 2007: Sze Hai Tong director Tan Swi Phiau was also comprador to the Netherlands India Commercial Bank. ↩

5. "Traditional trades of the Teochews in Singapore", *Culturepaedia* (Singapore Chinese Cultural Centre), accessed November 2026: "By the mid-20th century, Teochew merchants accounted for over 70% of the local wholesale rice market"; "By the 20th century, Teochew-owned remittance houses accounted for 70% of the local market"; Teochew rice merchants, "some of whom operated rice mills in Bangkok"; OCBC, "Milestones" (ocbc.com, accessed November 2026): 1972, acquired Four Seas Communications Bank;

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Wikipedia, "OCBC Bank" (accessed November 2026): acquisition of Four Seas Communications Bank in December 1972. ↩

6. Wikipedia, "Chinese Commercial Bank" (accessed November 2026): "the first Hokkien bank in Singapore"; founded by Lim Peng Siang and merchants including Lee Choon Guan and Dr Lim Boon Keng; shareholders' meeting on 17 August 1912 at the Chinese Chamber of Commerce on Hill Street; nominal capital $4 million, issued capital $2 million oversubscribed; operations began on 2 December 1912 at No. 31 Market Street; Wikipedia, "Chinese Commercial Bank" (accessed November 2026): first-year profit of $84,742.03, with $30,000 transferred to general reserve and $10,000 to reserve for bad and doubtful debts. ↩

7. Wikipedia, "Lim Peng Siang" (accessed November 2026): born 1872 in Amoy; founded the Ho Hong Group with his brother Lim Peng Mau in 1904; took over most of the business of Wee Bin & Co. on its liquidation in 1911; founded Ho Hong Steamship Company Ltd. in 1913; President of the Singapore Chinese Chamber of Commerce from 1913 to 1916 (vice-president in 1914); died 21 March 1944; Wikipedia, "Ho Hong Bank" (accessed November 2026): registered by Lim Peng Siang on 15 March 1917; business commenced on 2 April 1917; authorised capital $8 million, issued capital $4 million, of which $3.5 million subscribed and half paid up. ↩

8. Wikipedia, "Ho Hong Bank" (accessed November 2026): initial branches in Malacca and Muar; Batu Pahat branch opened 1 July 1917; Penang business began May 1918; agencies in London, New York, San Francisco and Semarang by end of May 1919, "the first Chinese bank to have that many branches and agencies"; authorised capital raised from $8 million to $20 million in September 1920; Hong Kong branch formally opened 1 October 1923; Wikipedia, "Ho Hong Bank" (accessed November 2026): Seow Poh Leng began foreign exchange activities; "the first Chinese bank in Malaya to engage in international banking". ↩

9. National Library Board, Singapore Infopedia, "Tan Ean Kiam" (SIP_1719): the bank was established on 28 June 1919 by a group of Hokkien merchants led by

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the rice merchant Khoo Kok Wah, with a paid-up capital of $5.25 million; Roots.gov.sg names Lim Nee Soon and Tan Ean Kiam as founders. ↩

10. Saran Singh, "A Brief History of Banks in the Straits Settlements and Malaysia 1840–1986 (Part II)", republished on dniewcollectors.blogspot.com, September 2011: Oversea-Chinese Bank Ltd, Singapore, established 1919, paid-up capital $5,250,000; Institute of Southeast Asian Studies, "Biographical Notes: Tan Chin Tuan (1908–2005)", ISEAS Library (2023), p. 1: Tan Cheng Siong was a director of the Oversea-Chinese Bank when it was established in 1919 and "the bank's first non-English educated general manager"; he died in 1922; Wikipedia, "Chinese Commercial Bank" (accessed November 2026): in 1929 the bank and the Oversea-Chinese Bank jointly built the five-storey China Building. ↩

11. Wikipedia, "Kwong Yik Bank" (accessed November 2026): local Cantonese businessmen founded the Lee Wah Bank in 1920; Saran Singh, "A Brief History of Banks in the Straits Settlements and Malaysia 1840–1986 (Part II)", 2011: Lee Wah Bank Ltd incorporated on 20 March 1920. ↩

12. National Archives of Singapore, private records A-218, "Singapore's second largest bank, United Overseas Bank (UOB) takes over Lee Wah Bank" (December 1972); Wikipedia, "United Overseas Bank" (accessed November 2026), gives 1973; other sources give 1971 or 1983 for different stages of the takeover. ↩

13. W. G. Huff, "Currency Boards and Chinese Banking Development", 2003, p. 5: the three Hokkien banks' growth "paralleled Malaya's development as the world's main rubber exporter, and all three relied fundamentally on sponsors and directors involved in the production and processing of rubber", including Lee Kong Chian, Lim Nee Soon and Yap Pheng Geck; W. G. Huff, "Currency Boards and Chinese Banking Development", 2003, p. 6: Chinese bank deposits "grew fourfold" during World War I, "between 1924 and 1925 more than doubled" under the Stevenson restriction scheme, and "more than halved between 1919 and 1922". ↩

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14. W. G. Huff, "Currency Boards and Chinese Banking Development", 2003, pp. 5–6: the importance of rubber made "industry-specific risk for the rubber sector and systemic risk to the entire economy almost synonymous". ↩

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