The first Chinese banks in Singapore

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Banking before the Chinese banks

The European banks arrived in Singapore long before any Chinese bank was founded. A branch of the Union Bank of Calcutta opened in 1840. It was followed by the Oriental Bank in 1846, the Mercantile Bank of India in 1855, the Nederlandsche Handel-Maatschappij in 1857, the Chartered Bank in 1859 and the Hongkong and Shanghai Bank in 1866. Chapter II of this part examines these exchange banks and the agency houses. For the present chapter one feature matters most: the European banks dealt with Chinese customers through a comprador, who was responsible for every Chinese account opened and through whom the bank lent money to Chinese merchants and traders.[1]

The arrangement served the large merchants well, while it served the rest of the community poorly. Language and cultural barriers made direct dealings with British banks difficult for most Chinese. Even in the interwar years the European banks were remembered as institutions that intimidated local people and would not accept small accounts.[2] Smaller traders borrowed from Chettiar moneylenders, pawnshops and rotating credit associations, while remittances to China passed through

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specialised firms. Chapter V of Part A described these institutions of personal trust. The Chinese banks of the twentieth century grew out of them and partly replaced them.

The monetary reforms around the turn of the century made local banking more attractive. After the introduction of a government currency note issue in 1898, the Straits dollar was fixed in 1906 to sterling at two shillings and four pence.[3] A stable currency reduced the exchange risk of local banking and gave depositors confidence in the unit in which their claims were expressed. Chapter IV of this part examines the Straits dollar in detail.

The Kwong Yik Bank of 1903

The first local bank in Singapore and British Malaya was founded on 16 December 1903 by Cantonese businessmen led by Wong Ah Fook, a construction magnate and gambier planter. It had a paid-up capital of $850,000 and an office at 26 Kling Street, later renamed Chulia Street. Its Chinese name described it as a *yinhao*, the term for a traditional Chinese banking house. The bank offered personal banking, mortgages and loans to a mainly Chinese clientele, although Malay and Chettiar customers also used it. A recent study by Jeremy Goh in *Business History* calls it the first modern bank formed by the ethnic Chinese in colonial Singapore.[4]

The composition of the board reveals the bank's roots in the older credit economy. Five of its eleven original directors were pawnshop proprietors, including the managing director Lam Wai Fong. Lam was also President of the Singapore Chinese Chamber of Commerce in 1909 and 1910. Wong Ah Fook financed and promoted the bank but left its management to others.[5] The founders combined the reputation of the community leader with the techniques of the pawnbroker. They lacked experience in the management of a deposit bank that published accounts, kept reserves and lent to strangers.

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The collapse of 1913

On 20 November 1913 the Kwong Yik Bank stopped payment after a run fuelled by rumours that it could not meet withdrawals. Withdrawals over about a week reportedly reached $700,000. The resolution of the crisis shows how the Chinese community handled a bank failure before the colonial state had a banking law. The Singapore Chinese Chamber of Commerce, founded in 1906, convened the bank's leaders and creditors for a meeting on 6 December.[6]

At that meeting the auditor reported serious malpractice. The bank had made unsecured loans to its directors and their associates. Its accounts had never been properly audited or balanced. The shareholders replaced Lam Wai Fong with Wong Ah Fook, who offered his personal fortune as security for the debts. On 9 December the creditors and the representatives of the dialect groups resolved unanimously to liquidate the bank voluntarily. The shareholders nominated Lim Peng Siang and Leow Chia Heng as liquidators on 18 December 1913. When a petition for compulsory winding up under the Companies Ordinance of 1889 came before the Supreme Court, the court ordered on 21 January 1914 that the voluntary liquidation continue under its supervision. A chartered accountant, W. Lowther Kemp, was appointed as a third liquidator on 19 February 1914.[7]

The sequence combined two systems of order. The Chamber of Commerce and the dialect associations organised the response, mobilised the guarantee of the most respected founder and chose the liquidators from among the community's leaders. The colonial court supplied the legal framework and added a professional accountant. Several managers and directors were later convicted, while Wong Ah Fook spent his remaining years settling claims until his death in 1918.[8]

The Companies (Amendment) Ordinance of 1914

The failure had a lasting legislative consequence. The colonial government amended company law through the Companies (Amendment) Ordinance of 1914, which limited unsecured advances and loans to directors, required statements in English and made half-yearly audits of banks compulsory. The Companies Ordinance of 1915

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followed, bringing the company law of the Straits Settlements closer to English law. Goh traces these rules to negotiations between the government and the representatives of the commercial and banking communities, in which questions of race and culture played a part.[9]

The episode anticipates a pattern that recurs throughout this book. A failure exposes the risks of insider lending and opaque accounts. The authorities respond with targeted rules on governance and disclosure, worked out in consultation with the industry. The Chinese banks themselves drew lessons from the case: banks such as the Ho Hong Bank separated their operations from the business interests of their directors and required collateral for loans.[10] Chapter I of Part E shows how the modern Banking Act addresses the same problem through limits on exposures to related parties.

The run on the Chinese Commercial Bank in 1914

The next test came only months later, on 4 August 1914, when depositors withdrew $260,000 over the counter of the Chinese Commercial Bank. The directors asked for the assistance of the government, which closed the bank while its books were examined. A proclamation dated 26 August declared that the bank's assets exceeded its liabilities. When the bank reopened on 1 October 1914, deposits exceeded withdrawals by $27,552 before noon.[11]

The episode is instructive because the government acted without any statutory power over banks. It examined the books, certified solvency and thereby restored confidence in what remained a one-off measure of crisis management. Since it created no permanent supervisory authority, the colony went on to face the much deeper crisis of the 1930s without one.

Notes

1. Ong Eng Chuan, "Money Lending: A Short History", *BiblioAsia*, vol. 3, no. 1, April 2007 (National Library Board Singapore): Union Bank of Calcutta (1840), Oriental Bank (1846), Mercantile Bank of India (1855), Nederlandsche

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Handel Maatschappij (1857), Chartered Bank (1859) and Hong Kong and Shanghai Bank (1866); Ong Eng Chuan, "Money Lending: A Short History", *BiblioAsia*, April 2007: the comprador was "responsible for every Chinese account opened", and "the banks lent money to Chinese merchants and traders through the comprador". ↩

2. "Traditional trades of the Hokkiens in Singapore", *Culturepaedia* (Singapore Chinese Cultural Centre), accessed November 2026: British banks dominated the industry in the nineteenth century, and language and cultural barriers made it difficult for the Chinese to deal with them; W. G. Huff, "Currency Boards and Chinese Banking Development in pre-World War II Southeast Asia: Malaya and the Philippines", University of Glasgow, Department of Economics Working Paper 2003-2, 8 March 2003, p. 8, quoting Yap Pheng Geck, *Scholar, Banker, Gentleman Soldier*, 1982, p. 28: "the European banks had an air about them which intimidated many local people … [and] would not accept small accounts". ↩

3. W. G. Huff, "Currency Boards and Chinese Banking Development", 2003, p. 2: the decision "in 1906 to tie the Straits dollar to sterling at one dollar = 2s.4d."; Wikipedia, "Kwong Yik Bank" (accessed November 2026), on the currency note issue of 1898 and the Sterling Exchange Standard of 1906 as background to the entry of the Chinese into banking. ↩

4. Wikipedia, "Kwong Yik Bank" (accessed November 2026): founded on 16 December 1903 by Cantonese businessmen led by Wong Ah Fook, paid-up capital of $850,000, office at 26 Kling Street (later Chulia Street), "the first local bank in Singapore and British Malaya"; Wikipedia, "Kwong Yik Bank" (accessed November 2026): formal name Kwong Yik "Savings Accumulation" Yinhao Limited Company; services of personal banking, mortgages and loans to a predominantly Chinese clientele, with Malay and Chettiar customers; Jeremy Goh, "Banking failure and regulatory reform on the periphery: The Kwong Yik Bank in the British Straits Settlements", *Business History*, vol. 68, no. 2, 2026, pp. 509–529, doi:10.1080/00076791.2025.2512862 (bibliographic data from Crossref; abstract as recorded in OpenAlex): "the first modern bank formed by the ethnic Chinese in colonial Singapore". ↩

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5. Ong Eng Chuan, "Money Lending: A Short History", *BiblioAsia*, April 2007: five of Kwong Yik's 11 original directors were pawnshop proprietors, including the managing director (spelt Lam Wei Fong); Wikipedia, "Kwong Yik Bank" (accessed November 2026): Lam Wai Fong was the first managing director and President of the Singapore Chinese Chamber of Commerce from 1909 to 1910; Wong Ah Fook financed and promoted the bank but took a director's role. ↩

6. Wikipedia, "Kwong Yik Bank" (accessed November 2026): the bank ceased operations on 20 November 1913 after a bank run fuelled by rumours that it could not meet withdrawals; Wikipedia, "Chinese Commercial Bank" (accessed November 2026): in November 1913 "continual withdrawals for about a week amounting to up to $700,000" affected the Kwong Yik Banking Company, while the Chinese Commercial Bank's position was considered sound; Wikipedia, "Singapore Chinese Chamber of Commerce and Industry" (accessed November 2026): founded in 1906 as the General Chinese Trade Affairs Association and renamed the Singapore Chinese Chamber of Commerce in 1912; Wikipedia, "Kwong Yik Bank" (accessed November 2026): meeting of the bank's leaders and creditors scheduled by the Chamber for 6 December 1913. ↩

7. Wikipedia, "Kwong Yik Bank" (accessed November 2026): the auditor reported unsecured loans to directors and associates and accounts never properly audited or balanced; Wong Ah Fook replaced Lam Wai Fong and offered his personal fortune as security; on 9 December 1913 creditors and dialect-group representatives resolved unanimously on voluntary liquidation; Wikipedia, "Kwong Yik Bank" (accessed November 2026): liquidators Lim Peng Siang and Leow Chia Heng nominated on 18 December 1913; petition for compulsory liquidation under the Company Ordinance 1889 failed on 21 January 1914, the court ordering voluntary liquidation under its supervision; W. Lowther Kemp formally appointed on 19 February 1914. ↩

8. Wikipedia, "Kwong Yik Bank" (accessed November 2026): several managers and directors were convicted, including managing director Boey Lian Chin

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and director Lim Tian Siang; Wong Ah Fook bore much of the bank's debt and spent his remaining years settling claims before his death in 1918. ↩

9. Wikipedia, "Kwong Yik Bank" (accessed November 2026): the Companies (Amendment) Ordinance of 1914 limited uncollateralised advances and loans to directors, required English-language statements and mandated half-yearly bank audits; the Companies Ordinance of 1915 brought Straits Settlements company law closer to English law; Jeremy Goh, "Banking failure and regulatory reform on the periphery", *Business History*, 2026, abstract (OpenAlex): the regulations emerged through negotiation between the colonial state and corporate and banking representatives, shaped by racial and cultural factors. ↩
10. Wikipedia, "Kwong Yik Bank" (accessed November 2026): Chinese banks, including Ho Hong Bank, adopted stricter practices such as separating bank operations from directors' business interests and requiring collateral for loans. ↩
11. Wikipedia, "Chinese Commercial Bank" (accessed November 2026): a run on 4 August 1914 drew $260,000 over the counter; Wikipedia, "Chinese Commercial Bank" (accessed November 2026): the directors "had to request the assistance of Government" (notice in *The Straits Times*, 7 August 1914); proclamation dated 26 August 1914 by the acting Colonial Secretary that assets exceeded liabilities; reopening on 1 October 1914, when by noon deposits exceeded withdrawals by $27,552; the bank was closed by order of the Colonial Secretary during the examination. ↩

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