

# A Penny Saved is a Penny Earned!

## BANKING IN INDIAN TERRITORY

Oklahoma's early banks were some of the first businesses established. Virtually anyone who could attract deposits could start one.

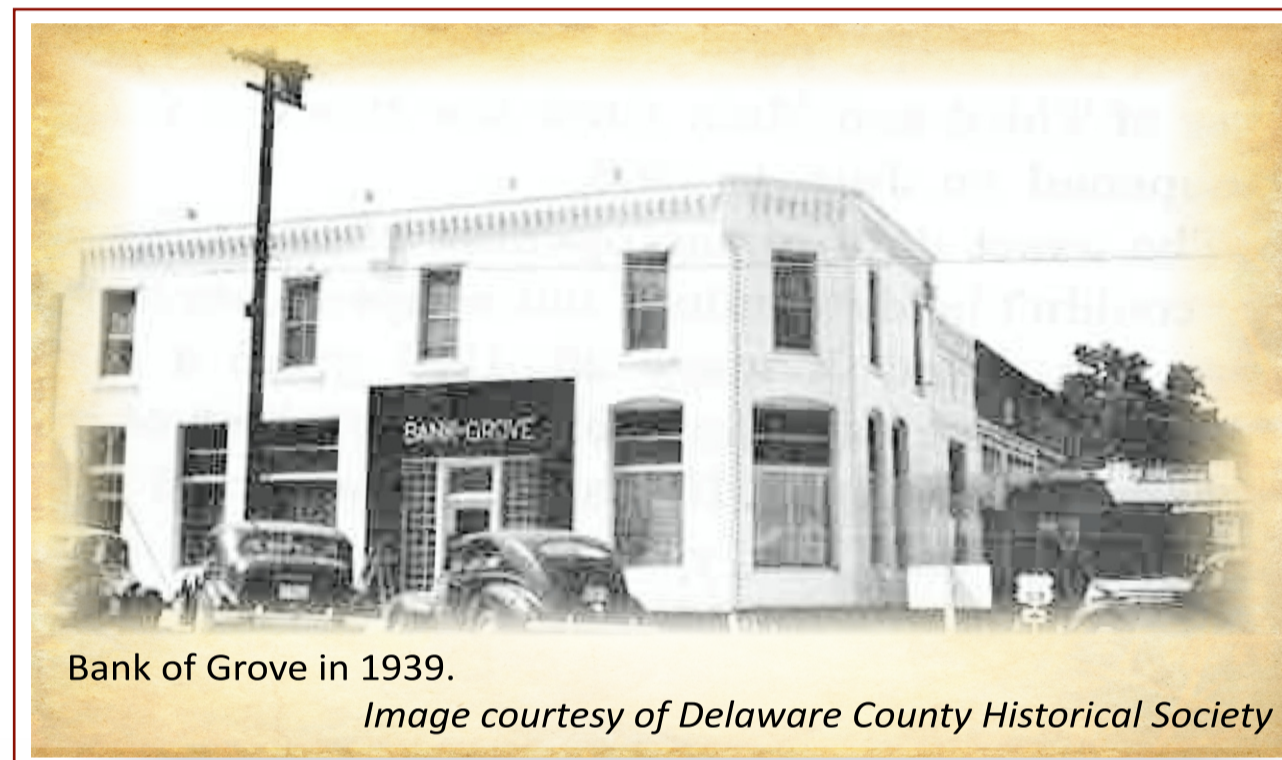
The early 1890s were difficult for many businesses, especially banks. The panic of 1893 started in New York when the stock market crashed but quickly spread throughout the nation. Long lines of people demanded cash for their deposit. After paying out for hours, many banks closed their doors—some of them permanently.

After another nationwide bank run in 1907, the new state of Oklahoma became the first state in the nation to have compulsory deposit insurance. Funded by a 1 percent tax on banks, the Bank Guarantee System was used to pay depositors when a bank failed.

By 1907 the state had 883 banks. Most were very small, and local pride required that the bankers reside in the community. Laws prohibited branch banking until the 1980s.

Failures of rural banks in the 1920s preceded and contributed to the Great Depression. The Oklahoma economy depended on agriculture, mining, and oil. World War I stimulated these businesses. With the increase in prices, farms, mines, and oil drilling were expanded with borrowed money. In the early 1920s as prices fell, these loans were not repaid.

Farm foreclosures reached 50 percent in Oklahoma between 1926 and 1930, the third highest ratio in the nation. Foreclosures provided little relief to the lenders however, and banks that depended on these loans failed. Faced with staggering claims, the state legislature abolished the bankrupt Bank Guarantee System in 1923.



Bank of Grove in 1939.  
Image courtesy of Delaware County Historical Society



Citizens Bank interior prior to World War I, above. Exterior, below  
Image courtesy of Delaware County Historical Society



## BANKING IN DELAWARE COUNTY

The Bank of Grove was organized in July 1900 as a private bank. Two years later it was chartered as a state bank. Assets of the Bank of Grove in April 1907 were \$105,465.08.

From 1908 to 1917, eight states adopted deposit insurance programs—Oklahoma being one. Insurance coverage extended only to deposits. Although commonly known as “deposit guaranty” programs, in no instance did the state explicitly guarantee the deposits.

This system proved to be too expensive so the bank converted to the National Banking System under U.S. government regulations, and became known as the First National Bank. In January 1933, stockholders voted to change the name back to the Bank of Grove. In 1944, it was reorganized as the State Bank of Grove, and later the name was again changed back to “Bank of Grove.” Although ownership changed and it was reorganized under different names, the bank continued in the same location on the northwest corner of Third and Main for over 40 years. The present-day Bank of Grove opened in 2005 and is on 18th Street.

The Citizens Bank opened around 1903 and closed its doors when its assets were sold at auction in April 1928.

## Did You Know?

The bank now at Har-Ber Village was a victim of the Great Depression. The solid mahogany fixtures came from a Carterville, Missouri, bank (northeast of Joplin). The fixtures remained in the same building from the time of their purchase in 1902 until they were relocated to Har-Ber Village in 1970. The old clock was used in First National Bank of Springdale, Arkansas, in 1894. Harvey Jones was a member of its board of directors, and also served as Bank President.

## Lillie L. Teague

taught school for a number of years and then went into the banking business in Jay, Oklahoma. At one time she had controlling interest in the Delaware County Bank in Jay, and was cashier for about nine years. It was the only bank in the county (and only one of a few in surrounding counties) that withstood the depression of the 1920s. Teague sold the bank and went on to work as a reporter, city clerk, county registrar, then returned to the teaching profession—finally retiring at age seventy-two!

