

The History of Banking in Elizabethtown, Pennsylvania.

In the 1860s, there were three types of banks operating in Lancaster County: state banks, national banks, and private banks. Private banks were privately owned institutions while national banks had to meet certain requirements to gain recognition as national banks. Those banks also needed to follow the rules and guidelines of the National Bank Act of 1864. All three types of banks had the right to issue bank notes, which were similar to a form of paper money. Purchasing bonds of one-third of the bank's required capital assets allowed banks to receive bank notes of a large portion of the bond. The amount of national banks skyrocketed because of this. Those notes also circulated like paper money is today.¹

The first bank which served Elizabethtown was the Marietta and Susquehanna Trading Company, which was established by a man named Jacob Gish (1767-1846).² This bank was located at George Shocker's Tavern. Gish then went on to establish another bank, called the Bank of Swatara. There was another bank called The Union Bank of Lancaster, which offered stock to investors. This bank was placed at Michael Coble's Inn.³

Abram Collins was a proprietor of Collins Ferry and Store near the community of Falmouth.⁴ Collins was a wealthy man who owned mills and other real estate in Conoy Township.⁵ In 1869, Collins, along with Samuel Eby, established the Farmer's Bank of Elizabethtown at 244 South Street. This bank was formally the home of George Redsecker, proprietor of the Black Horse Tavern. Collins' daughter, Elizabeth, married Eby, Mennonite school teacher, land surveyor, and manager of the bank at the time. Eby also served in the 16th Pennsylvania Militia during the September 1862 emergency.⁶ In the 1870s the Farmer's Bank went public, becoming the First National Bank in Elizabethtown with Collins as its president, Eby as cashier, and a man named John Hertzler as clerk.⁷ The bank eventually failed and reverted to a private bank in 1885. The bank was not successful because of its failure to follow the guidelines of the National Bank Act of 1864.⁸ Collins also withdrew his interest from the bank when his son-in-law, Eby, lost his investments in the Reading, Marietta, and Hanover Railroad.⁹

The Farmer's Bank of Elizabethtown closed its doors on 10 January, 1885. At the time it was a private bank owned by Eby and the Court in Lancaster handed down a judgement against him for claims amounting to \$26,399.01. It was clear Eby would be unable to meet not only those claims but other claims already filed by his creditors so the bank closed. Because of the bank's failure, many people lost their lives' savings right away and many other lost large sums of their money because of Eby. The reason so many people lost so much money was because the bank paid five percent interest, as opposed to other banks in the area which paid no more than four percent. So, many people preferred the Farmer's Bank of Elizabethtown.

Samuel R. Zug was largely responsible for bringing the Church of the Brethren to Elizabethtown in the 1870s and greatly responsible for the creation of Elizabethtown College in 1899. Zug is also the man responsible for establishing the Elizabethtown National Bank. Along with his stockholders, Zug called his establishment the Elizabethtown National Bank because he wanted people from the local area to know unlike Eby, he and his colleagues intended on following the rules and guidelines of the National Bank Act of 1864.¹⁰ Even before the failure of the Farmer's Bank of Elizabethtown, there were plans for a bank which would meet the standards imposed by the act. Through the autumn and winter of 1884, a committee met to set up the principles under which the the new bank would operate so it would qualify as a national bank.¹¹ Because they followed the

¹ Richard K. MacMaster, Elizabethtown: The First Three Centuries (Morgantown, PA: Masthof Press, 1999).

² Jean-Paul Benowitz, "Elizabethtown Has Long History of Local Scholarship," *Elizabethtown Advocate*, August 10, 2017, accessed November 3, 2017, file:///C:/Users/17ewe/Downloads/August%202017%20Local%20History%20Elizabethtown%20Advocate.pdf.

³ Jean-Paul Benowitz, Elizabethtown (Charleston, SC: Arcadia Publishing, 2015), 69.

⁴ Benowitz, "Elizabethtown Has Long History of Local Scholarship."

⁵ MacMaster, Elizabethtown: The First Three Centuries.

⁶ Ibid.

⁷ Ibid.

⁸ Benowitz, "Elizabethtown Has Long History of Local Scholarship."

⁹ Benowitz, Elizabethtown, 69.

¹⁰ Benowitz, "Elizabethtown Has Long History of Local Scholarship."

¹¹ MacMaster, Elizabethtown: The First Three Centuries.

guidelines, they were then qualified and recognized as a national bank.¹² Later on, the bank was moved to a building which is now the site of the Elizabethtown Public Library.¹³

On March 8, 1887, the Elizabethtown Exchange Bank opened in the Brethren A.G. Heisey Building at 244 South Market Street in Elizabethtown.¹⁴ Jacob Rider served as the first president of the bank and Samuel R. Zug served of the board of directors of the bank.¹⁵ Later the bank was moved to a new building on the corner of South Market Street and East Washington Street. Today, the bank is still located in the same building. However, the bank became the Elizabethtown Trust Company in 1927 and later merged with Farmers First Bank in 1981.¹⁶ The bank still has the name of the Farmers First Bank.¹⁷

¹² Benowitz, "Elizabethtown Has Long History of Local Scholarship."

¹³ MacMaster, Elizabethtown: The First Three Centuries.

¹⁴ Benowitz, Elizabethtown, 70.

¹⁵ Jean-Paul Benowitz, Historic Elizabethtown Pennsylvania: A Walking Tour (2015), 47.

¹⁶ Benowitz, Elizabethtown, 70.

¹⁷ MacMaster, Elizabethtown: The First Three Centuries.