

# Financial History Review

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## Panics, payments disruptions and the Bank of England before 1826

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### Summary

The structures of the banking systems in early nineteenth-century England and later nineteenth-century America were quite similar. In each the multitude of independent country or interior bankers maintained correspondent accounts with bankers in the metropolis, London and New York respectively, to hold reserves and to clear and settle financial instruments used in intercity financial transactions. In spite of such similarities in structure, the performances of the two systems were, however, rather different. Although panics were frequent and their extent widespread in late eighteenth- and early nineteenth-century England involving numerous bank failures, there was never a nationwide paralysis of the payments system such as had become a regular event in late nineteenth-century America. This was due to the Bank of England's functioning as a de facto lender of last resort even though such a role was not explicitly recognized or acknowledged until decades later.

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