

State Bank of North Carolina ^[1]

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by W. Carson Dean, 2006



Ten dollar bill issued by the State Bank of North Carolina.

Image from the North Carolina Museum of History.

The State Bank of North Carolina was chartered in 1810 by the state legislature and opened its doors in early 1811. The bank began operations with a central bank in [Raleigh](#) ^[2], branches at [Edenton](#) ^[3], New Bern, [Wilmington](#) ^[4], [Fayetteville](#) ^[5], Tarboro, and Salisbury, and \$1.6 million in capital. It was authorized to issue loans to the U.S. government for up to \$100,000 and to any state for up to \$50,000.

The [War of 1812](#) ^[6] disrupted banking in many states, including North Carolina, although the State Bank of North Carolina appears to have remained stable. However, it soon faced competition from the federal government. In 1817 Congress chartered the Second Bank of the United States (BUS) and opened a branch in Fayetteville. The BUS secured notes from banks and then submitted the notes with a demand for payment in specie. Banks were required to comply with such requests from note holders and often forced to call in their own loans to meet the obligations of the large number of notes held by the BUS.

In 1819 the state legislature extended the State Bank's charter to 1838, when it would then be liquidated. In 1832 the bank declared a stock dividend of 50 percent and announced that it was almost ready to cease operations. That same year Congress rechartered the BUS. The BUS required all state banks to redeem their notes upon demand in specie, which finally caused the liquidation of the State Bank.

The 1832-33 state legislature created a new entity, the Bank of North Carolina. The venture was not completed because private citizens failed to purchase enough stock. In the next legislative session the Bank of North Carolina's charter was remodeled, and the institution was given a new name: Bank of the State of North Carolina. By 1835 this state bank possessed ten branches, including branches in New Bern and Tarboro and a main office in Raleigh. After the liquidation of the Bank of the State of North Carolina in 1860, the 1858-59 session of the General Assembly chartered yet another new entity, the Bank of North Carolina. In 1861 this bank had branches in Wilmington, Fayetteville, Tarboro, Windsor, Milton, Charlotte, and Morganton. It went bankrupt when it was forced to pay off debts after the Civil War, providing at least one-quarter of the money in gold. Ultimately stockholders lost more than \$1.5 million.

Although the names of these institutions changed, the people chartering, directing, and holding stock in North Carolina's state banks remained largely the same. On 23 June 1866 the state repealed all charters previously granted to state banks, including the Bank of North Carolina, which was liquidated. The Raleigh headquarters building of the pioneering State Bank of North Carolina still stands at the head of New Bern Avenue, just a block from the capitol building.

References:

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Additional Resources:

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"State Bank(s) of North Carolina (1810 - 1865)." N.C. Business History. <http://www.historync.org/StateBankNC.htm> ^[8] (accessed October 24, 2012).

"State Bank Building." North Carolina Highway Historical Marker Program.<https://www.ncdcr.gov/about/history/division-historical-resources/nc-highway-historical-marker-program/Markers.aspx?sp=Markers&k=Markers&sv=H-5> ^[9] (accessed October 24, 2012).

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[Encyclopedia of North Carolina, University of North Carolina Press.](#)^[19]

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