

## WHY WAS THE NATIONAL BANKING LAW AMENDED IN 1876?

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### 《SUMMARY》

We tried to reexamine how the national banks in Japan operated their business before the amendment of the national bank law in 1876 and the significance of the amended national bank law, and got the following insights: First, the national banks had been heavily dependent on government deposits for fund raising and fell into the fund shortage when the safe asset regulation on them was tightened by the government. To cope with this difficulty, national banks started to borrow money from the government since 1874 by putting the government bonds as collateral, which had been originally deposited to the government, thus giving up the authority of issuing the bank notes. Second, the amendment of the national banking law facilitated the establishment of national banks and the Japan's economic growth through the following amendments: the abolishment of the payment of capital by the "Dajokan-Satsu," a government paper money issued just after the Meiji Restoration, the permission of the payment of capital by "Kinroku Kousai", delivery government bonds issued to former samurai warriors in 1878 to compensate their income, the reduction of minimum capital requirement, the permission of non-convertible notes issue and the upward revision of bank note issue limit.

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