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Date:

1911

11 Jan

Last previous Paper:

CP 377 3/10

Wed 5/37

Standard Bank of California

Report opening of Branches at various & branches
& enquire what support if any the paper by
sent to the Bank, having regard to existing
agreement with National Bank of California

W. R. Fiddes

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Case 113
City Comm. Co. I. R. H. 4/29

CP 4569

GOVERNMENT HOUSE,
NAIROBI,
BRITISH EAST AFRICA.

January 11th 1911.

EAST AFRICA PROTECTORATE.

No. 22

Sir,

28208
With reference to Sir Percy Girouard's despatch No. 500 of August 18th last, I have the honour to inform you that the Standard Bank of South Africa has now opened branches at Nairobi and Mombasa and to enquire what support, if any, is to be given by Government to this institution.

2. Under the existing agreement with the National Bank of India there is no obligation on the Government to deal exclusively with it. We are obliged to maintain a balance of at least Rs. 3,00,000 on current account under penalty of paying interest on any shortfall below that figure, but would appear to be free to use the Standard Bank for remittances to the Crown Agents, which now amount to a considerable sum per annum, should better terms be obtainable.

3. The Treasurer will probably be remitting £20,000 or £30,000 during the current month and, pending definite instructions from you, I propose to call for tenders from the two Banks.

THE RIGHT HONOURABLE

LEWIS HARCOURT, P.C., M.P.,

SECRETARY OF STATE FOR THE COLONIES,

DOWNING STREET, LONDON, S.W.

4. In my opinion the advent of the Standard Bank is an additional argument for altering the clause in our agreement with the National Bank of India, by which we are entitled to local remittances at 1/8% more favourable a rate than the Bank's "most favoured customers" as suggested in Sir Percy Girouard's despatch referred to above. Competition between the two Banks will probably mean cutting of prices and a rate of one eighth per cent below any such reduced prices would probably be unacceptable to the National Bank of India.

5. I do not think it is incumbent on the Government to keep any local balances with the Standard Bank, but I think we should be free to arrange our remittances to England on the most favourable terms available.

I have the honour to be,

Sir,

Your humble, obedient servant,



ACTING GOVERNOR.