

BANCO ESPAÑOL-FILIPINO DE ISABEL II

Before the establishment of the first bank in the Philippines, the functions of banks were performed, though on a limited scale, by the Obras Pias. They were an accumulation of bequests whose donors had specified that the funds be used for charitable, religious and educational purposes. Some of the funds were managed by confraternities that invested in capital in secular activities like underwriting cargoes for the galleon trade.

On April 17, 1826, a royal order was circulated among the Obras Pias for opinions regarding the establishment of a "public bank". The foundation for that public bank in the Philippines was decreed by a royal order dated April 6, 1828 by King Ferdinand VII of Spain.

However, its establishment was delayed for 23 years before that bank become a reality. The man behind the actual organization of the bank was no less than the governor-general of the Philippines at that time, His Excellency Antonio de Urbiztondo y Eguia.

As the highest-ranking government official in the Philippines, Governor de Urbiztondo called for the support of the Junta de Autoridades (a committee comprising of civil and ecclesiastical officials) in approving the bank's statutes and by-laws. The junta approved these statutes and by-laws on August 1, 1851, but it was understood that such approval had to be confirmed by the Spanish Crown.

The bank was called El Banco Español Filipino de Isabel II, in honour of the reigning queen of Spain. The bank's office was located at the Royal Custom house (Aduana) in Intramuros. The bank first opened its doors for business in 1851 and was the first bank in the Philippines. The first meeting of the interim Board of Directors was held on September 11, 1851.

The first managers of the bank were Jose Maria Tuason and Fernando Aguirre, who each took turns serving as managing director every year. While the members of the bank's highest policy-making board were essentially civil and ecclesiastical officials, there was also a businessman whom the Spanish Crown named to represent the business community of Manila. The man was Antonio de Ayala of the prominent Casa Roxas, precursor of Ayala y Cia, which is now Ayala Corporation.

The royal decree that confirmed the creation of El Banco Español Filipino de Isabel II also gave the bank the exclusive privilege to issue paper money. The original bank notes were collectively called pesos fuertes (PF), Spanish for "strong pesos".

The first bank notes (or paper money) in the Philippines had the issue date May 1, 1852 and could be redeemed in Mexican coins in gold or silver. Apart from carrying the name of the bank as issuer of the currency, the bank notes also bore the portrait of the woman for whom the bank was named – Queen Isabella II.

Coincidentally, the first transaction of the bank was a lending transaction recorded on May 1, 1852, in which the bank discounted a promissory note from a Chinese client. Three days later, the bank recorded its first deposit from its first depositor. Articles of Association were granted on August 13, 1857. The bank was capitalized by the Obras Pias. Some foreign businesses were also among the shareholders, including the British firm of Butler, Sykes and Company.

On September 3, 1869, the bank officially dropped the name of Queen Isabella II as a result of her abdication in September 1868. Hence, since 1869, the bank was known simply as "El Banco Español Filipino".

Decades later, the management of the bank decided to move out to where the business activity was. Binondo, on the northern side of the Pasig River, had emerged as the new center of business growth and, thus, gained more economic prominence than Intramuros.

The Chinese dominated the retail traffic while British merchants controlled the export-import business. Rosario Street (now Quintin Paredes) became the center of retail business while Escolta was the place for the finest of American and European shops. These were profitable sources of new business for El Banco Español Filipino after it relocated to No. 4 Plaza San Gabriel (later renamed Plaza Cervantes) in Binondo in January of 1892, on a piece of land acquired from the Dominican Order.

Through the years, the bank had a close link with the Spanish Crown that even the establishment of its first branch had to be approved by authorities in Madrid. In fact, it took a royal order in 1896 to enable the bank to open branches, although, again, this authority was still subject to clearance by Spain's minister of the colonies.

The bank originally planned to open its first branch in Central Luzon during the first decade of its operations, which was sometime in the 1850s. The reason for this was the emergence of the region as a sugar-producing area. During that time, sugar was exported from this region, making the product a major source of income for local producers.

But the plan to put up this first branch did not materialize. By the time the bank was ready in 1897, Central Luzon had been overshadowed by Iloilo and the Panay provinces in terms of economic prominence. This explains why the bank's first branch was established in Iloilo instead, on March 15, 1897.

Following the signing of the Treaty of Paris in 1898, in which Spain ceded the Philippines and other territories to the United States, the bank promptly shed off its Spanish character and converted into a Philippine institution. Years later, in 1912, as a result of an earlier decision of the stockholders to rename the bank, El Banco Español Filipino became officially known as the Bank of the Philippine Islands (BPI), or Banco de las Islas Filipinas. Under the American administration, the bank was allowed to continue issuing Philippine pesos, although no longer on an exclusive basis.

The period of rebuilding after World War II saw BPI getting actively involved in the development of industries. Although its conversion to a private bank during the American regime resulted in the loss of many privileges previously granted to it by the Spanish Crown, the bank continued to do its share in nation building.

In 1969, the Ayala Corporation, which had been associated with the bank since the start (either through a partner or a representative sitting on the board), became the dominant shareholder group. Following this change in the ownership structure, BPI soon became the financial flagship of the Ayala group of companies.

BANCO ESPAÑOL-FILIPINO DE ISABEL II

TYPE 1: TWO SINGLE LINED OVAL HANDSTAMP

**BANCO ESPANOL FILIPINO ON TOP
POSSIBLY MANILA ON BOTTOM
EMBLEM ON EITHER SIDE
SMALLER LETTERING (2.5MM TALL)**



TYPE 2: TWO SINGLE LINED OVAL HANDSTAMP

**BANCO ESPANOL FILIPINO ON TOP
POSSIBLY MANILA ON BOTTOM
EMBLEM ON EITHER SIDE
LARGER LETTERING (3MM TALL)**



BANCO ESPAÑOL-FILIPINO DE ISABEL II

TYPE 1: TWO SINGLE LINED OVAL HANDSTAMP

BANCO ESPANOL FILIPINO ON TOP
POSSIBLY MANILA ON BOTTOM
EMBLEM ON EITHER SIDE
SMALLER LETTERING (2.5MM TALL)



TYPE 2: TWO SINGLE LINED OVAL HANDSTAMP

BANCO ESPANOL FILIPINO ON TOP
POSSIBLY MANILA ON BOTTOM
EMBLEM ON EITHER SIDE
LARGER LETTERING (3MM TALL)

