

The Compassionate Courage of the America's Greatest Banker



Amedeo P. Giannini, Courtesy Italiani di Frontiera

A banker should consider himself a servant of the people, a servant of the community.

Be the first in everything.

Work does not wear me out. It buoys me up.

I thrive on obstacles, particularly obstacles placed in my way by narrow-gauged competitors and their political friends.

The main thing is to run your business absolutely straight.

Failure usually comes from doing things that shouldn't have been done – often things of questionable ethics.

There is no fun in working merely for money. I like to do things, to be a builder.

Each of us is better for having to make our own way in the world.

Be ready to help people when they need it most. Amadeo Peter Giannini

He was filled with energy, passion, ambition, vision, integrity, honesty, compassion and courage. He saw a world of progress built on the hopes and dreams of ordinary people. All that was necessary was to give them a chance.

Amedeo Pietro Giannini was born in California in 1870. His parents were from Italy. His father, Luigi, came from a town near Genoa. He was a man of adventure.



In 1849 prospectors came from everywhere in search of gold, Courtesy Library of Congress

He went to America to search for gold in the California Gold Rush of 1849. For nearly twenty years Luigi hunted for the precious metal that drove men to fight, cheat and even die for.

Then he returned to Italy to take a bride. He brought his wife Virginia to California and bought a farm. He grew fruits and vegetables and sold them on the local market. His business thrived. A decent future lay ahead for this immigrant from Italy until fate changed the course of events. At age 37, Luigi Giannini was fatally shot by a disgruntled employee. He left

his wife with two children and one on the way. The family soon fell into poverty.

Virginia Giannini took over the farm. Her small son, Amedeo, worked night and day to help his mother and siblings survive. Three years later Virginia married Lorenzo Scatena. He expanded the farm to include a wholesale business to sell on a wider market. The family worked together to make it grow. Amedeo, in particular, showed a talent for management, sales and organization. He was a teenager when he dropped out of school to work full time in the family operation. He became a commission merchant and made deals with local farmers to market their produce across the state and across the continent. Sales grew geometrically as the population of the nation rose.

By the time he was 31, Amedeo Giannini had built a flourishing firm. He sold it to his employees and retired to administer his father in law's estate. He became a director of a local savings and loan where his step father had an interest.

The People's Banker

Giannini was troubled by the policies of the bank. They, like most financial institutions, lent money to those who were already established. The wealthy and influential were their clients. Amedeo saw an opportunity in helping the burgeoning population of immigrants flooding into California. Banks would not provide them service or assistance or extend credit to help them establish businesses. Amedeo decided he would start his own bank and name it for the country of his origins.

The Bank of Italy

At age 34, he founded the Bank of Italy. It started in San Francisco in 1904. It was an immediate success. Shortly after opening its doors it had deposits of nearly \$9,000.¹ Giannini offered his clients savings accounts and loans. They were men and women from Italy and other parts of the world. They worked long hours in back breaking jobs with low pay.

¹ James, Marquis & Bessie R. (1954). Biography of a Bank – The Story of Bank of America N.T. & S.A. Harper & Brothers. p. 16.

Giannini felt that it was his mission to help them realize the American dream of a home and a better life for their children.



Currency from the Bank of Italy, Courtesy antiquebanknotes.com

He judged these simple, hardworking people not on their wealth but on their character. In a year, deposits soared to over \$700,000. Business continued to grow until the ill-fated year of 1906.



Fire on San Francisco's Sacramento Street by Arnold Genthe, Courtesy Library of Congress

The San Francisco Earthquake

It was a little past 5 AM on April 18th, 1906 when the ground began to tremble along the coast of California. A huge earthquake rocked the region from Eureka in the north to the Salinas Valley in the south near San Francisco. As the tremor struck the great city, fires broke out and spread wildly. Gas lines, that crisscrossed the streets and buildings, ruptured into exploding fireballs. San Francisco burned for days. Thousands lost their lives. Eighty percent of the metropolitan area was destroyed in one of the deadliest seismic upheavals in the history of the United States. Over 300,000 people were homeless. The economic, social and political fabric of the city was in ruins.



Flames consuming the City of San Francisco, Courtesy Library of Congress

Infernos overwhelmed the metropolis. Banks found their buildings and vaults engulfed in flames. The strong boxes melted in the conflagrations. Opening them would ruin the money. As a result, they had to wait days and even weeks before the heat dissipated to allow them to go back to work.

Instead, Amedeo Giannini, immediately moved to protect the deposits of his clients and his assets before the blazes reached the building housing his bank. The day after the earthquake, he collected all the money in his vault,

placed it in a garbage truck, covered it with refuse, and brought it to his home, outside of the fire zone, for safe keeping.

His was one of the few banks willing to extend loans for reconstruction. Within days, he set up a provisional bank, consisting of a plank across two barrels in the street. He made loans to those willing to rebuild their homes and business. His agreement was a handshake, a smile and words of encouragement. Decades later, he would tell the story of how each loan was repaid with interest. Amedeo Giannini was now a local hero who had shown trust in his community. That confidence, and his courage and passion to help others, would make him one of the world's most renowned bankers and business leaders.

Branch Banking

While San Francisco continued to rebuild and grow, Giannini looked to provide services to clients in different places in the metropolitan area. In 1909, legislation was passed allowing banks to set up branches throughout California. The first branch of the Bank of Italy was established in Giannini's home town, San Jose. Amedeo saw area offices as a way for banks to stabilize operations especially during stressful economic times. Within a decade, the Bank had hundreds of branches throughout the state.²

Bank of America

In 1928, Giannini merged his bank with a major bank in Los Angeles. The new Bank of America was created. As Chairman, Amedeo oversaw the enormous growth of the Bank to be one of the largest in the world. He helped California and the United States overcome the Great Depression and World War II by keeping liquidity flowing to the private and public sectors and helped the transformation of America in the post war period.

Giannini took a personal interest in a number of historic projects that changed the nation. For example, a young cartoonist needed money to launch a movie that would revolutionize Hollywood. No one would lend him a penny. His name was Walt Disney. The Bank of America financed

² Alex McCalla & Warren Johnston. *"A.P. Giannini: His Legacy to California Agriculture"*. University of California. January 25, 2016.

the production of the first animated motion picture. It was entitled, *Snow White*.

Giannini helped nurture the creation of new vineyards and the growth of the wine industry. In the depths of the Great Depression, he bought bonds to finance the building of the Golden Gate Bridge. Companies involved in the war effort were supported financially by the Bank of America. After World War II Giannini took a personal interest in the reconstruction of Europe. An example was arranging loans to rebuild the war torn factories of FIAT in Italy.

Legacy



Amedeo Giannini, Courtesy AP Photos

It's no use to decide what's going to happen unless you have the courage of your convictions. Many a brilliant idea has been lost because the man who dreamed it lacked the spunk of the spine to put it across.

No man actually owns a fortune. It owns him.

I leave everything to the young men. You've got to give youthful men authority and responsibility if you're going to build up an organization. Otherwise you'll always be the boss yourself and you won't leave anything behind you.

My hardest job has been to keep from being a millionaire. Amadeo Giannini

In a YouTube video about Giannini, he is described as the real life “George Bailey.” It was referring to Frank Capra’s classic 1946 movie, *It’s a Wonderful Life*, starring James Stewart as a banker who helped countless people in his town realize the American dream.³ If there is anyone who truly possessed the qualities of George Bailey, it was Amadeo Pietro Giannini. He left a business and cultural legacy that was laced with courage, passion, determination, wisdom, generosity, risk taking and hard work.

In a November, 2016 article, *What Can We Learn from America’s Greatest Banker*, Steve Forbes described Giannini’s legacy:⁴

- **Break the Rules:** At the turn of the last century, Amadeo Giannini pioneered new ways of doing business that were decades ahead of his time. He advertised, which banks had never done. His bank conformed to the needs of its clients. His first customers worked on shifts, spoke little English and earned low wages. His bank stayed open long hours; had tellers who spoke several languages; helped immigrants fill out deposit slips, checks and forms; provided low interest rates on loans and accepted even the smallest deposit. Giannini knew human nature and could size up people. As a result, bad loans were rare.
- **Opened up Branches:** He expanded everywhere. He bought up smaller banks and went into the insurance business. He ventured into consumer financing of cars, mortgages and appliances and applied a similar approach to support the growing film industry and wineries.

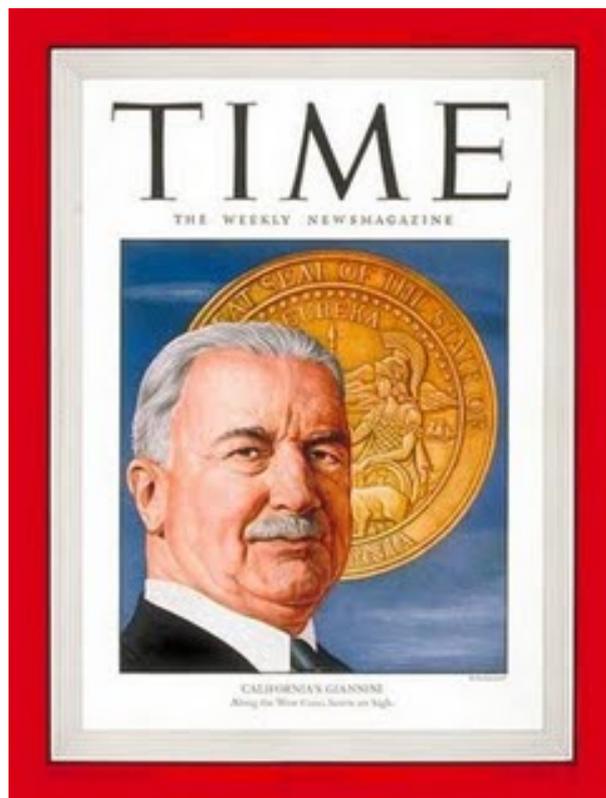
³ You Tube, It’s a Wonderful life, the real George Bailey who Founded the Bank of America, <https://www.youtube.com/watch?v=5WCIAF67XtA>

⁴ Steve Forbes, What Can We Learn From America’s Greatest Banker, Forbes, Nov 2, 2016

- Crisis Management: The example of the San Francisco Earthquake is a classic study in how to deal successfully with a crisis.

When Franklin Roosevelt declared a bank holiday in 1933, Giannin's competitors pushed to close his bank. He used every political maneuver at his disposal to keep his institution alive. He knew his customers and their ability to pay better than any Washington bureaucrat and he would fight to protect them and his bank.

- Character: He trusted and inspired trust. Giannini was a man with a passion and a mission. His goal was to serve his customers and help create jobs, prosperity and fulfill dreams.
- Wealth isn't an end in itself: Amedeo Giannini died in 1949. His real net worth was lower than when he sold his business to his employees five decades earlier. He never took more than \$50,000 a year in salary. He gave most of his money away in scholarships and to fund medical research.



America's Banker, Courtesy Time/Life

I have worked without thinking of myself. This is the largest factor in whatever success I have attained.

Further Reading

- Bonadio, Felice A. (1994) *A.P. Giannini: Banker of America* (Berkeley: University of California Press) ISBN 0-520-08249-4
- James, Marquis (1954) *Biography of a Bank; the story of Bank of America N.T. & S.A* (Westport, Conn., Greenwood Press)
- Josephson, Matthew (1972) *The Money Lords; the great finance capitalists, 1925–1950* (New York, Weybright and Talley)
- Nash, Gerald D. (1992) *A.P. Giannini and the Bank of America* (Norman, OK: University of Oklahoma Press) ISBN 9780806124612