

Shibusawa Eiichi's Thoughts on Banking from Public and Private Perspectives*

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1 Introduction

Shibusawa Eiichi 渋沢栄一, “the father of modern Japanese capitalism,” introduced the modern Western banking system to Japan. His motivations were based on his understanding that banks play the most important role in creating a rich, prosperous, and peaceful society—a conclusion he arrived at as a result of his experiences in Europe in 1867/68. This view led Shibusawa to serve as president of Daiichi Kokuritsu Bank (First National Bank) from its establishment in 1873 until his retirement of 1916, when he was 76 years old. Shibusawa's connection to First National Bank is one of the few examples of his long-term association with a particular enterprise. As is well known, Shibusawa was associated with establishing around five hundred enterprises and a comparable number of nonprofit organizations through his long life. Typically, once a company achieved a degree of success, he moved on to new opportunities, leaving to other talented managers, many of whom he mentored, the task of leadership.

Shibusawa did not use the term capitalism to describe his entrepreneurial economic and business activities. Instead, to describe his thinking about the optimal system for running a business, he used such terms as “the *gappon* method” 合本法, “a *gappon* organization” 合本組織, and “a *gappon* company” 合本会社. The Japanese word *gappon* 合本 refers to binding two or more books together to form one. The roots of Shibusawa's thinking about the

* The following thoughts are based on a chapter that originally appeared in *Gurōbaru shihonshugi no naka no Shibusawa Eiichi: Gappon kyapitarizumu to moraru* グローバル資本主義の中の渋沢栄一：合本キャピタリズムとモラル (Gappon Capitalism: The Economic and Moral Ideology of Shibusawa Eiichi in Global Perspective), edited by Patrick Fridenson and Kikkawa Takeo 橋川武郎 (Tokyo: Tōyō Keizai Shinpōsha, 2014).

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gappon method can be traced to his time in Europe and closely parallels the joint-stock trading system. According to discussions and speeches by Shibusawa, the *gappon* method can be defined as the process of advancing a business by gathering human and financial resources optimal for attaining its mission and objectives, in concert with pursuit of the public good. It is important to note that scholars have yet to clarify the exact origins of his use of the term *gappon*, and that despite the concept's similarity to the joint-stock trading system, Shibusawa did not use the two terms interchangeably.¹

There have been a number of studies on the role of Shibusawa as the national leader who introduced to Japan the Western banking system by establishing First National Bank, the forerunner of a nationwide banking network, established in the early Meiji era. Nonetheless, there remain several incompletely understood dimensions of Shibusawa's view of banking and his more general philosophy of public-private partnerships in Japan's modernization.² They include the need to clarify (1) why Shibusawa left government service to become an inspector general of First National Bank, (2) how he managed First National Bank for almost forty years until his retirement, as president, in 1916, and (3) Shibusawa's view, as a business leader, of the proper balance between public and private organizations in Japan's modern development. In short, there is a need to better understand the characteristics of Shibusawa's thoughts and activities regarding these three questions by digging more deeply into Shibusawa's views on how organizations best operate in modern society, particularly those related to banking.

The goal of this paper is to examine Shibusawa's *gappon* method by focusing on the relationship between public and private from his perspective as a banker whose status as the president of the First National Bank and other leadership positions, such as the Japan's Bankers Association, enabled him to have an outsized influence on Japan's transition to the economic system that characterizes the country today.

2 Why Banking Attracted Shibusawa

Why, then, did Shibusawa see banking as important? There were two

1 On Shibusawa's thoughts about the *gappon* method from various points of view, see *Gurōbaru shihonshugi no naka no Shibusawa Eiichi*, edited by Fridenson and Kikkawa, pp. 11–13 and pp. 159–162.

2 See Shimada Masakazu 島田昌和, "Kin'yū seido no sōsetsu: Shibusawa Eiichi to Daiichi Kokuritsu Ginkō" 金融制度の創設：渋沢栄一と第一国立銀行 (The Establishment of the Monetary System: Shibusawa Eiichi and Daiichi Kokuritsu Bank), in *Kigyōka katsudō de tadoru Nihon no kin'yū jigyōshi* 企業家活動でたどる日本の金融事業史 (The History of Japanese Finance as Seen through Entrepreneurs' Activities), edited by Hasegawa Naoya 長谷川直哉 and Udagawa Masaru 宇田川勝 (Tokyo: Hakutō Shobō, 2013), pp. 13–41.

reasons. The first reason was that he thought that the Western banking system was the foundation for making Japanese society capable of becoming a wealthy and advanced country like Britain and France. Shibusawa was singularly impressed how the *gappōn* method of business organization could accomplish such large-scale undertakings as the Suez Canal, allowing both public and private interests to contribute to making a country wealthy. The second and more important reason was that Shibusawa thought that the *gappōn* method was essential to achieving his lifelong target of overcoming the tendency in Japan to respect bureaucrats and look down on the citizenry 官尊民卑. Shibusawa stated that when he toured Europe in 1867, he was surprised to see how well businesses had developed and how well government and the private sector worked together.³ He thought that if commerce and industry developed in Japan via the *gappōn* method, the relative position of merchants and manufacturers would naturally rise, narrowing the distance between government and the private sector.

In his youth, Shibusawa had dealt with officials of the Okaya Domain on his father's behalf and was angered by their arrogant attitude and mindset. He then set his lifelong goal of eradicating the tendency in Japan to respect bureaucrats and look down upon the citizenry. He found the authoritarian attitude of incapable officials unforgivable and was tremendously dissatisfied with merchants who accommodated the unreasonable requests of such officials and who conducted business only for their own profit.⁴ Strongly affected by the Mito school of historical and Shinto studies, along with the theories of Odaka Junchū 尾高惇忠 on social reform,⁵ Shibusawa felt that it was essential to make ordinary citizens feel responsible for reforming the nation and society in order to transform Japan into a modern country centered on manufacturing, as in Europe. For that purpose, Shibusawa believed that it was necessary to introduce a system that draws on people's talents and knowledge to the fullest degree, and he found the *gappōn* method and organization most suitable.

3 On Shibusawa's observations of Paris in 1867/68, see *Kōsai nikki* 航西日記 (A Diary during the visit to Europe), in *Shibusawa Eiichi denki shiryō* 渋沢栄一伝記資料 (Biographic Materials on Shibusawa Eiichi), vol. 1 (1955).

4 Shibusawa wrote about and related this episode many times. See Shibusawa Eiichi, *Amayogatari* 雨夜譚：渋沢栄一自伝 (Autobiography of Shibusawa Eiichi) (Tokyo: Iwanami Shoten, 1984), pp. 25–28. In English, see *The Autobiography of Shibusawa Eiichi: From Peasant to Entrepreneur*, translated by Teruko Craig (Tokyo: University of Tokyo Press, 1994), pp. 12–14. This is a translation of *Amayogatari*.

5 Odaka Junchū (1831–1901) was a private teacher of the Chinese classics, including *The Analects*. Shibusawa often visited Odaka's house and studied the Chinese classics in his childhood. Odaka's younger sister, Chiyo, married Shibusawa.

3 The *Gappon* Method Described

A *gappon* company is typically understood as similar to a joint-stock company. According to the *Kōjien* dictionary, joint-stock companies conduct business activities using stock finance, where the funds necessary for starting a business or establishing or expanding a company are supplied by having stock issued and accepted or purchased. Such companies are organized by shareholders, who own the company's stock and have limited liability. However, the *gappon* method advocated by Shibusawa is quite different in many ways from how joint-stock companies and shareholders operate in today's capitalist societies. For example, companies that Shibusawa took part in establishing also included unidentified companies and limited partnerships, in addition to joint-stock companies. This is because the *gappon* method consists of three elements: purpose and mission, human resources and networks, and capital, which I elaborate on below.

3.1 Purpose and Mission

For Shibusawa, the mission of a *gappon* organization aims to attain benefits for the entire nation and society. Therefore, it is essential that shareholders and administrators fully understood the company's intents and mission when they invest in or manage such a business. There is a difference between Adam Smith's invisible hand and Shibusawa's notion of the *gappon* method. As Tanaka Kazuhiro points out,

[In *gappon* capitalism] the characteristic unique to the *gappon* philosophy is the... aspect of [passive] morality, which advocates that self-interest should not be put first. People generally understand, as Smith also believed, that in a market economy, pursuit of self-interest can be given priority as long as one conducts business without deceiving others and in a way consistent with justice. However, Shibusawa was not satisfied only with justice, which prohibits dishonest conduct. He placed importance also on beneficence, that is, behavior that tries to bring benefits to others. For Shibusawa, not putting self-interest first was also among the norms not to be deviated from. When he presented the "rule of right principle in the business world," he noted "acting without indulging in self-centeredness" was the appropriate concept shaping the *gappon* philosophy. It is fine to pursue self-interest, but it should be done by placing benefits for others first, not self-interest. ... Conducting business based on such reasons and norms is how the *gappon* philosophy operates.⁶

6 Tanaka Kazuhiro 田中一弘, "Dōtoku keizai gōichi setsu" 道德經濟合一説 (Harmoniza-

In other words, Shibusawa, as his first priority, believed that the purpose of business included a public-oriented value system, as advocated by the *Analects*.

As such, a corporation need not be organized as a joint-stock company, but could be any type of organization suited to the purposes of a *gappōn* organization. Shibusawa established not only joint-stock companies, but also limited partnerships, as well as a mutual-aid society.⁷ He also invested significant amounts of money in *tokumei kumiai* 匿名組合 (anonymous companies and silent partnerships).⁸ We should note that these latter investments surpassed funds that Shibusawa directed to joint companies.⁹

3.2 Human Resources and Networks

Shibusawa also regarded as important the human resources engaged in company management and business activities. The administrator, in particular, must be a person who understands the company's purpose and mission and pursues public benefit. As is clear from Shibusawa's famous argument with Iwasaki Yataro 岩崎弥太郎, Shibusawa regarded securing profits from business activities as important, but more important was to ensure that the benefits were distributed among all investors.¹⁰ He was firmly against business and profit monopolization and the formation of conglomerates.

In this regard, Shibusawa expected business administrators to possess not only the ability to suitably conduct business, but also a broad perspective and cooperative disposition that made them willing to seek partners among a wide human network of collaborators. Shibusawa himself was deeply engaged in the establishment and operation of educational institutes such as the Tokyo Higher School of Commerce (now Hitotsubashi University), for example, with the hope of eventually hiring graduates with the skills he found desirable in organizing human-resource networks.

3.3 Capital

Sufficient capital is needed for starting and developing a business. To

tion of Morality and the Economy), in *Gurōbaru shihonshugi no naka no Shibusawa Eiichi*, edited by Fridenson and Kikkawa, chap. 2, pp. 56–57.

7 See Shimada Masakazu 島田昌和, *Shibusawa Eiichi no kigyōka katsudō no kenkyū* 渋沢栄一の企業者活動の研究 (Research on Shibusawa Eiichi's Activities as an Entrepreneur) (Tokyo: Nihon Keizai Hyōronsha, 2007), pp. 233–242.

8 According to the Japanese Commercial Code, article 535, “In a *tokumei kumiai* arrangement, anonymous or silent partners make up the *tokumei kumiai*, which, Tokumei invests in a venture operated by a manager.

9 Shimada, *Shibusawa Eiichi no kigyōka katsudō no kenkyū*, pp. 375–378.

10 Shibusawa Hideo 渋沢秀雄, *Shibusawa Eiichi* 渋沢栄一 (Tokyo: Ryūmonsha, 1951), pp. 83–86.

utilize unused capital in Japan effectively, Shibusawa established the First National Bank and many other private banks throughout the country. At a deep personal and professional level, Shibusawa understood that the banking system enabled capital to be gathered from a wide range of people, beyond the class system of samurai, farmers, manufacturers, and merchants. Shibusawa precisely described his intent, as found in an advertisement for banks:

To begin with, banks are like a great river. There are infinite ways banks prove themselves useful. However, money not yet collected at a bank is no different than water pooled in a ditch or water drops that keep falling. Sometimes money is hiding in a warehouse of a rich merchant or a farmer, or being kept in a day worker's or grandmother's shirt pocket. In such cases, money cannot serve the people or help make the nation affluent. Water cannot flow forward even if it has the force to do so if it is blocked by an embankment or a mound. But if we make a bank, and skillfully open a channel for letting the water flow, money that was kept in warehouses or shirt pockets can come together in great amounts. This will help trades to prosper, products to increase, industries to develop, studies to advance, roads to improve, and the entire situation of our country to be renewed.¹¹

As Shibusawa presciently observed, the supply of funds through banks led to public benefit, that is, the creation of something new. Financial aid should be supplied for generating tangible wealth out of intangible resources and allowing for its effective utilization. This is the role performed by banks and *gappon* organizations.

4 Concrete Studies of Shibusawa's Management of First National Bank

Why did Shibusawa leave government service to become an inspector general of First National Bank? As related in his autobiography *Amayogatari*, Shibusawa resigned the Finance Ministry in 1873 due to his conflict with Ōkubo Toshimichi 大久保利通, the most influential leader in the early Meiji government. The disagreement stemmed from differences of thought on the management of national finances. Ōkubo tended to support a positive fiscal policy, and he insisted on increased support for military expenditures even beyond maintenance of a balanced budget in order to promote the policy of a rich country with a strong military 富国強兵. On the other hand, Shibusawa and Inoue Kaoru 井上馨, head of the Finance Ministry, where Shibusawa was

11 Shibusawa Hideo, *Shibusawa Eiichi*, pp. 79–80.

employed, strongly opposed Ōkubo's policy because of a desire to balance the budget. They held the view that an overly large military would cause huge budgetary deficits and contribute to a financial crisis that the Meiji government could not manage. Ōkubo, one of the three most important leaders of the Meiji restoration, with a strong political power base in the Satsuma and Chōshū factions, prevailed. Inoue and Shibusawa resigned from the government, but not before publicizing their opinion in the press. Parenthetically, Shibusawa's resignation also represented, it is reasonable to assume, his pessimism regarding his future as a political leader and bureaucrat so long as the anti-Tokugawa Satsuma and Chōshū factions were in control of the government.

A second reason for Shibusawa's resignation from the government was his commitment to leading the private sector in mitigating the tendency in Japan to respect bureaucrats and look down upon the citizenry. From the *gappon* viewpoint, this second reason was more important. This importance can be further explained by examining several challenges facing the establishment of First National Bank in 1873.

4.1 The First Challenge

Challenge number one concerned which banking system should be introduced to Japanese society, that of the Bank of England or of the National Bank of the United States.¹² In the 1870s Britain was militarily and economically the most powerful country in the world, owing to its world trade and financial strength. The Bank of England, its central bank, played a key role in the formulation of monetary policy, in collaboration with the British government. In particular, the Bank of England contributed to social and economic progress by issuing paper currency based on the gold standard. Yoshida Kiyonari 吉田清成, who studied the British banking system in London, initiated efforts to introduce “the gold bank plan,” based on the British banking system, as a model for Japan.¹³ Initially, Shibusawa supported this plan, along with Ōkuma Shigenobu 大隈重信 and Inoue.¹⁴

Itō Hirobumi 伊藤博文, later inaugurated as the first prime minister with enactment of the Meiji Constitution in 1889, insisted that Japan should intro-

12 See 日本銀行著・発行『日本銀行百年史』上 (Nihon Ginko hyakunen shi (Hundred years of the Bank of Japan) written and published by the Bank of Japan), vol.I, 1982. pp.16–22.

13 Yoshida Kiyonari (1845–1891) was born in Satsuma and become a talented finance bureaucrat in the Meiji government.

14 On Shibusawa's attitude toward the introduction of the Western banking system, Shibusawa's attitude toward the Western banking system is discussed at length in the *Shibusawa Eiichi denki shiryō*, vol.4 (1956).

duce a national bank system modeled after that found in the United States, based on the National Currency Act of 1863. As portrayed in the act, the National Bank was chartered by the federal government as a commercial bank for the purpose of issuing new paper money and liquidating war loans associated with the Civil War (1861–1865). The main difference between the British and American banking systems was whether new paper money issued by the bank should be bank notes convertible into gold. The issue of convertibility meant that in the United States, private banks could issue their own paper money by themselves; in Britain, only the Bank of England had such authority. The two perspectives represented different views of monetary policy. Yoshida attached importance to currency stability. Itō, on the other hand, was partial to money supply designed to meet Japan's goal of becoming a rich country with a strong military.

After intensive and contentious discussions, the Meiji government established the National Bank Law 国立銀行条例 in 1872, based mainly on the U.S. National Currency Act of 1863 but also including several aspects of the British banking system. The law had the merit of abolishing older paper money issued by the Tokugawa government and local feudal domains during the 1860s, which allowed new paper money to be issued by the National Bank in each of Japan's major cities. The National Bank Law sought to encourage entrepreneurs to start new businesses, as well as to disseminate new paper money by making it exchangeable for gold at 60 percent of its value.

The main reason the Meiji government decided to introduce the U.S. National Bank system was that major government leaders and officials thought that it was too early to establish a central bank like the Bank of England because the government did not have enough political and economic power to support the central bank and to introduce the gold standard.

In the late nineteenth century, when banks were established on the basis of laws enabling a national banking system, the United States and Japan shared a number of common circumstances. First, both countries had large amounts of diversified paper money after civil wars that occurred in each country in the 1860s. Second, the United States and Japan had several commonalities in their progress in industrialization, despite major differences between their natural and cultural endowments. In the late nineteenth century, textile companies and food suppliers played major roles at the local level, reflecting small-scale, entrepreneurial business activity. These businesses needed stable operating funds previously supplied by local financiers. A national bank system in which local banks had the power and authority to issue bank notes played a crucial new role in supporting business development.

At this point I would like to clarify Shibusawa's evolving thinking on the *gappon* concept and the role it played in his decision to endorse the U.S. National Bank system. Shibusawa's change of thinking occurred during the spring of 1871, in the midst of discussion between the major Meiji government leaders, including Itō and others. Shibusawa concluded that Britain's monetary model was too advanced to introduce to Japan, even though it closely resembled the ideal model for Japan as a future maritime country whose economy could prosper through worldwide trade.

Shibusawa concluded that for Japan's early-modern development, the U.S. National Bank system would more easily meet its need to issue bank notes and supply money for local entrepreneurs. He based his thinking on the circumstances of the Meiji government, which, in contrast to Britain, did not have sufficient power to establish a solid central bank based on the gold standard. He also observed that political and business leaders in rural areas possessed significant assets, including such former ruling clans as the Tokugawa 徳川, Maeda 前田, and Date 伊達 families; wealthy farmers such as the Honma 本間 family in Sakata; and entrepreneurial merchants. Since the Meiji government budget was still quite small, access to those assets and funds through government issued national bonds was particularly attractive. Ultimately, common interest was identified between government leaders and those who emerged as presidents of the early local branches of the national banks, the so-called *chihō meibōka* 地方名望家, political and economic leaders in rural areas.

4.2 The Second Challenge

The second challenge for establishing a new banking system in Japan was how to communicate the concepts and practices of a Western-style banking system to the Japanese public. During the Edo period (1600–1863), money changers 両替商 played a role as financiers in Japan, supplying money to both feudal clans and samurai not directly involved in the production of goods, trade, or commercial activities. Money changers conducted financial business among merchants, engineers, and farmers as well. In the nineteenth century Mitsui 三井, Kōnoike 鴻池, and other old money-changer families exerted tremendous influence on the Tokugawa government and feudal clans concerning their financial and monetary policies. In terms of principles and theories of monetary policy, their activities were well understood. However, in the functioning of a Western-style banking system, the key difference was the public nature of assets held. The way of thinking fostered by the traditional Japanese system worked against the importation and adoption of the Western banking system, because in this system the movement funds was based on closed, private relationships between lenders and customers, a

feature also true of the mutual-finance associations 講.

Shibusawa thought that the transparency associated with the Western banking system was crucial for the public to take the initiative to build a modern economy and society, and for changing the traditional mindset of respecting bureaucrats and looking down on the citizenry. He aggressively promoted the idea, concepts, and practice of banking and persuaded politicians and wealthy people to accept its openness by articulating the value of *gappōn*-style business organizations. As paper money became more widely available, the new banking law served to support his efforts.

Shibusawa was one of the few leaders who could understand at a deep level the essence of the Western banking system in the early Meiji period. This can be explained in part by his own past business experiences. By helping in his father's indigo trade and other farming activity, Shibusawa learned business management and the role of money. During his stay in Paris and on his trip to several cities in Europe in 1867, he was impressed by new forms of technology and the political and economic systems found there. On the advice of the French banker Flury Herard, he bought railroad bonds in France, benefitting from their subsequent appreciation. In combination, these experiences contributed to Shibusawa's ability to lead and manage the finance and banking system emerging in Japan as the country modernized after the Meiji Restoration.¹⁵

After returning from Europe to Japan, Shibusawa established Shōhō Kaisho 商法会所 (Commercial Company), a combined bank and trading company, in Shizuoka. This company was one of the early *gappōn* organizations in Japan and represented a first step in linking banking and the trade of rice and other agricultural products. The company got off to a good start but ceased operations after Shibusawa was recruited to serve as a bureaucrat in the Finance Ministry of the Meiji Government. Nonetheless, Shibusawa's early experience in the private sector, although interrupted, set the foundation for the tremendous leadership that he later provided as inspector of the First National Bank. As the wealthy of Japan came to invest their money in newly established national banks, his leadership in the banking sphere resulted in numerous benefits for the country.

4.3 The Third Challenge

The third challenge for the establishment of the First National Bank was how to manage the relationship between the Finance Ministry and the

15 On Flury Herard (1836–1913), see Kashima Shigeru 鹿島茂, *Shibusawa Eiichi* 渋沢栄一, vol. 1, *Sorobanhen* 算盤篇 (Business) (Tokyo: Bungei Shunjū, 2011), pp. 180–182.

National Bank. This brings us to the issue of the public-private relationships and the emergence of a national banking system in Japan. In the nineteenth century, every advanced Western nation, as defined by the military and economic achievements of such countries as Britain, France and Belgium, had its own central bank and the power to issue paper money. These central banks were not directly managed by the government, because a central role of banking was activation of the market economy, and so responsibility for management rested with the private sector in order to maintain political neutrality. Issuing paper money is a central right of the state. In the Japanese case, every national bank had such currency privileges, as regulated by the Meiji Government's National Bank Law.

Shibusawa was not in favor of establishing banks managed by the government. His position was that governmental management would be overly influenced by finance in the Tokugawa era, resulting in inefficiencies and improprieties. Shibusawa's economic philosophy was that there were public obligations inherent in the monetary policy of a country that should inform not only the money collected through taxes but also the goals and commitments of those participating voluntarily in *gapon*- or joint-stock-type companies. Competition was the preferred approach; at the same time, basic fairness required that the national government play a legal role. Thus, Shibusawa's position was that First National Bank should be independent from the government but should maintain a good working relationship with the Finance Ministry. He nurtured relations with reliable and trustworthy leaders such as Ōkuma Shigenobu, Matsukata Masayoshi 松方正義, and Takahashi Korekiyo 高橋是清, all of whom were deeply involved in the development and execution of Japan's financial and monetary policies.

Shibusawa's conceptualization of the relationship between public and private was broad and profound. He came to realize that his own role was as a private rather than public leader. Although he affirmed that a suitable distance between private and public was absolutely necessary for the new banking system to function for the sake of country and society, the respect that he garnered from his work in government allowed him to collaborate (as a business leader) with officials in the Finance Ministry and other political leaders. Shibusawa was also uniquely placed to collaborate with former lords in such families as the Maeda, Shimazu 島津, and Date, and with large private money changers such as the Mitsui and Kōnoike, who had substantial assets and who become important early supporters of the banking system as it took hold throughout the country. In particular, Date Munenari 伊達宗城 (1818–1892), who was a lord of the Date clan in Uwajima, Shikoku district, and his main family in Sendai, which was the largest clan in the Tōhoku region since the early seventeenth century, highly appreciated Shibusawa's talent and

spirit. Date Munenari supported the establishment of the national bank in Uwajima and also asked Shibusawa to manage Date family assets.

5 Conclusion

As is well known, Shibusawa managed First National Bank as an inspector general from 1873. He became president of this bank in 1875. After it became a private bank and changed its name to Daiichi Bank, Shibusawa continued as president until his retirement in 1916. Even after his retirement, he remained a consultant until his death in 1931.

Shibusawa was adept at addressing several serious crises that might have led to First National Bank's becoming bankrupt, which would undermine the potential of Japan's early effort to establish a national banking system. Fundamentally, he understood that First National Bank and Daiichi Bank were weak compared with Mitsui and other private banks that supported Japan's emerging industrial conglomerates (*zaibatsu* 財閥). In fact, the actual number of national banks fell below initial expectations: just four, because early holders of bank notes decided immediately to convert them into gold. Shibusawa was one of the few financial specialists who had the practical experience in money matters in both Europe and Japan that allowed him to weather these challenges. He also had the skills for resolving the bankruptcies of the Onogumi 小野組 and Shimadagumi 島田組 companies in 1874, both of which had been working as money changers connected to the National Treasury since the early Meiji period.¹⁶

Shibusawa also recognized the value of an extended period of leadership as president of Daiichi Bank, which allowed him to encourage and develop new enterprises for Japan's industrialization and many organizations promoting the quality of peoples' lives in such areas as education and social welfare, among others. He well understood the role that a bank and the banking system could play in promoting such developments by directly gathering money from the private sector. His actions affirmed his view that the Western approach to banking was the best way for ordinary people to support, through personal investment, the development of Japanese society.

16 See Nihon Ginko hyakunen shi, op. cit, pp.22–31.