

Working Papers: Abstracts

Christopher Hoag

Paper: Trust Companies as a Lender of Last Resort

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Abstract: This paper examines emergency lender of last resort action among New York City trusts during the panic of 1907. Positive net borrowing of emergency trust loans was concentrated at one trust that experienced a run by ordinary depositors. An empirical evaluation suggests that large, established trusts were more likely to make emergency loans. When compared to the issuance of clearinghouse loan certificates by the member banks of New York City, the trusts borrowed smaller amounts in the aggregate, in part because the trusts lacked a check clearing facility.