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The Bank on Orchard Street

Jewish immigrant bankers and the opening of American finance



IN THE EARLY YEARS of the 20th century, New York's Lower East Side was a warren of low-slung tenements squeezed together, their fire escapes draped with laundry and their stoops crowded with residents escaping cramped quarters. Streets teemed with pushcart vendors hawking everything from pickled herring to fur collars. Amid this urban chaos, one structure commanded attention: a green iron-grilled skyscraper that rose like a fairy-tale tower above East Broadway, its domed tempietto casting shadows over the neighboring buildings. The limestone façade of the Jarmulowsky Bank on the corner of Orchard and Canal proclaimed the success of a man whose name has since been forgotten.

Today, tourists flock to the Lower East Side's trendy bars and boutique eateries, including the luxury hotel that now occupies Jarmulowsky's former bank building. Few recognize the name Sender

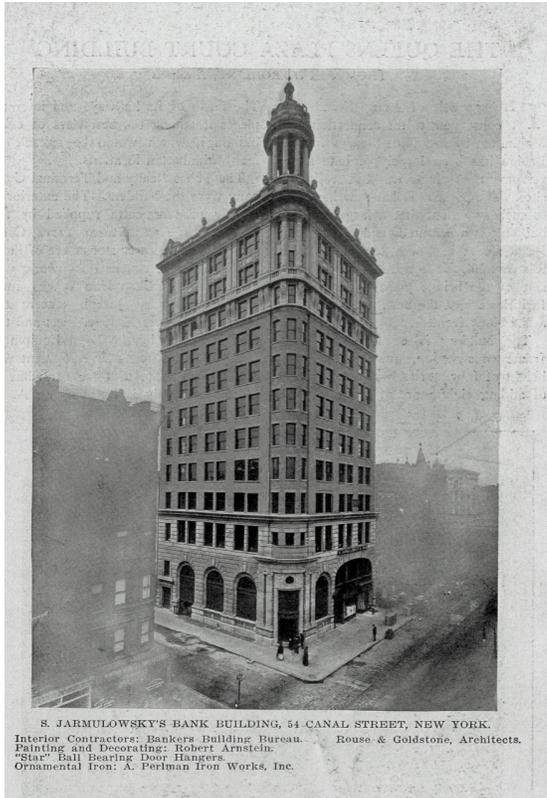
Jarmulowsky or understand his revolutionary impact on American finance. Yet this immigrant entrepreneur transformed how thousands of newcomers accessed money, credit, and capital. He sold ship tickets on installment to thousands of prospective immigrants, then provided them with banking services, small loans, and the financial foundation to build new neighborhoods, businesses, and lives. Contemporary journalists failed to notice that while he called his business a bank, it was not chartered by the state. They called him “The East Side JP Morgan.” But unlike his uptown counterpart, Jarmulowsky’s fortune came from serving those whom more established, state-chartered banks ignored.

Far from the antisemitic stereotype personified in Shakespeare’s Shylock of the greedy, exploitative moneylender, Jarmulowsky and hundreds of other Eastern European Jewish immigrant bankers didn’t prey upon the desperate. Instead, they democratized access to credit, creating financial pathways for entire communities that had been excluded from mainstream institutions. While German-Jewish investment bankers like those who worked in Lehman Brothers or Kuhn, Loeb & Co. shaped investment banking, it was these ship-ticket-salesmen-turned-bankers who revolutionized everyday banking for ordinary Americans. They helped immigrants not only reach America but succeed in it. Our cultural amnesia about these financial pioneers has obscured how their innovations reshaped American banking in ways that offer essential lessons for creating inclusive financial systems today.

Born in 1841 in Grajewo, in the Lomza province of Russia-Poland, Jarmulowsky was orphaned at the age of three and raised by the local rabbi. Impressed by his intellect, the rabbi sent Jarmulowsky to the esteemed Volozhin Yeshiva and arranged for his betrothal to Rebecca Markel, the daughter of a wealthy merchant. This match would have enabled Jarmulowsky to pursue his studies full-time, but

he opted instead to enter the business world, moving to Hamburg in 1868 to sell ship tickets. There, Jarmulowsky pioneered a system of selling prepaid tickets, effectively offering credit to prospective passengers. Since prepaid tickets were valid for a year, Jarmulowsky purchased hundreds in bulk when prices were lower during the winter season, writing out the tickets to fictitious people — as name changes were processed at no extra charge. During the summer months, when prices increased, he sold these tickets to prospective migrants, earning an additional profit margin. If prices dropped or tickets could not be sold in time, his loss was limited to the 5 percent cancellation fee. Through an extensive network of multilingual agents, and the creation of a multilingual ticket, Jarmulowsky attracted loyal clients from all over Eastern Europe.

In 1873, Jarmulowsky left Germany for America, because Germany did not grant him residency rights, and he continued to sell *shifskarten* (ship tickets) on installment. Two decades later, a Holland America line representative claimed that Jarmulowsky actually sold more tickets in America than the shipping line sold at the docks. His success allowed him to build a multifaceted business beyond ticket sales. Jarmulowsky attracted thousands of immigrants to deposit money at his bank and extended hundreds of loans at a modest 6 percent interest (the going rate in state-chartered banks). He and his fellow immigrant bankers also offered other valuable services to new immigrants that embodied community support rather than exploitation, such as letter writing, document translation, and even transferring small amounts of money on their behalf. Moreover, they set their bank hours to suit the convenience of their patrons, with Sunday being the most popular day of business — a day when every other bank in New York was closed. All these services were provided in Yiddish, Polish, Russian, and Italian, languages not typically spoken in mainstream banks. Most revolutionary of all was Jarmulowsky's practice of extending credit based on character rather than



Source: "Building for S. Jarmulowsky," *Architects & Builders Magazine*, Vol. XLIV (November 1912), p. 447

collateral, directly contradicting antisemitic portrayals of heartless Jewish moneylenders.

Jarmulowsky's innovative approach to finance ultimately transformed him from a ticket agent into a banking magnate. By 1900, Jarmulowsky had earned such confidence within the community that he held deposits for over 35,000 immigrants and exchanged millions of dollars for Russian rubles to send back to their homeland. His sons then opened their own bank business that made great profits from investing in real estate. Yet these very successes made Jarmulowsky and his family as well as his fellow immigrant bankers, such as Max Kobre, Adolf Mandel, Morris Engel, and others targets of a New York State regulatory system that viewed their methods with deep suspicion. Indeed, these banks were not chartered, not as a result of their business practices but rather because the New York state authorities required a bond of over \$50,000 to gain a state charter approval.

Such requirements discriminated against small-sum bankers who were not illiquid but just had smaller reserves since they worked with smaller sums.

Examining the practices of Jarmulowsky and his fellow bankers reveals a communally conscious approach to banking. Far from having privileged access to capital, immigrant Jews from Eastern Europe struggled alongside other newcomers to establish a foothold in America's dynamic economy. When mainstream banks routinely denied services to those deemed too risky, immigrant Jews sought out alternative credit-granting institutions, such as loan societies, credit cooperatives, and mutual-aid societies. While these other institutions provided credit, immigrant banks allowed them to start an account with just a few dollars, remained open at night after work and on Sundays, and did not make customers feel uncomfortable about how they were dressed. Understanding how these credit-providing institutions functioned helps address what American historian David Hollinger has identified as "the general failure" to conduct a straightforward historical examination of the financial practices that enabled immigrant Jews to succeed economically in the United States, thereby "perpetuating the mystification of Jewish history and subtly reinforc[ing] invidious distinctions 'between different ethnic groups in American society.'"

These immigrant banking practices transformed three key sectors of the American economy, demonstrating how Jews and money or Jewish financial innovation served community advancement rather than just personal enrichment.

First, these practices expanded the business of mass migration. By providing prospective immigrants with financing to buy ship tickets for themselves and their families, Jarmulowsky's prepaid ticket sys-

tem created the financial architecture for chain migration that would define American immigration patterns. By purchasing tickets in bulk during winter months and selling them during peak season, he wasn't just maximizing profit—he was democratizing access to American opportunity. This practice enabled earlier arrivals to finance later waves through Jarmulowsky's credit network.

Second, after the newcomers arrived in America, the collateral-free loans they received from immigrant banks like Jarmulowsky's reflected traditional Jewish values that viewed lending to make someone self-sufficient as the highest form of *tzedakah* (righteous giving) rather than pure profit-seeking. Jarmulowsky and other immigrant entrepreneurs exhibited the belief that providing access to credit was fundamentally a moral good. Their willingness to lend based on character assessment and community vouching created economic mobility for thousands who would otherwise have remained trapped in poverty.

Finally, through the loans they extended, immigrant banks helped reshape New York's physical landscape by extending credit for real estate speculation and development. The experiences of these immigrant Jewish bankers in the Russian Empire—where capital could be looted at any moment and property ownership was restricted—convinced Jarmulowsky that collateral was not essential. It was a better bet to have money on loan than sitting in reserve, and American real estate represented unprecedented opportunity. Rather than hoarding wealth, Jarmulowsky and other immigrant bankers reinvested community deposits into neighborhood development, literally building the tenements, shops, and synagogues where new Americans would establish their lives.

Despite these transformative contributions to American finance, Jarmulowsky's name remains largely forgotten in the annals of American financial history because his bank, along with dozens of other immi-

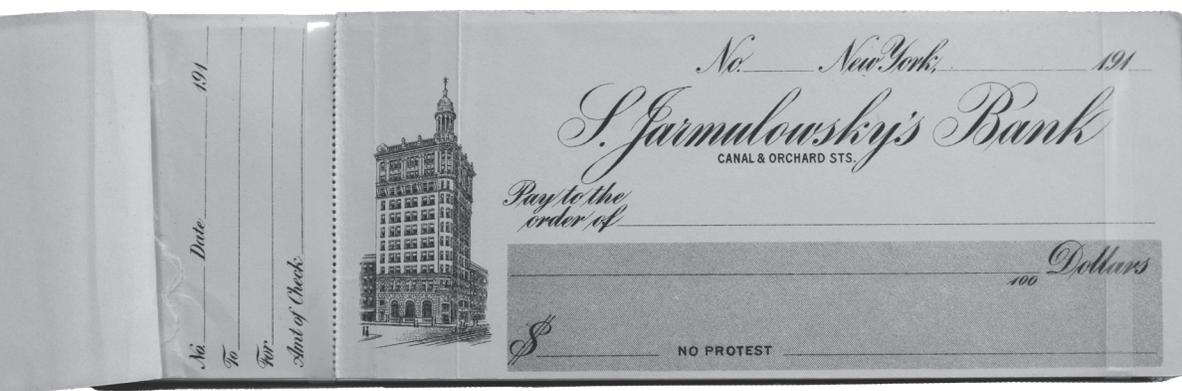
grant banks, collapsed in the first decades of the 20th century. When Sender Jarmulowsky died in 1912, the apparent multimillionaire left an estate worth only \$500,000—a fortune at the time but far smaller than what one would have expected. His son Louis took over his bank in addition to the bank he ran with his brother Meyer down the street at 165 Orchard Street. Meyer loved to invest in real estate and bought up more than 37 properties in Harlem. This speculative investment embodied the risk-taking ethos that had built American fortunes, but when war broke out in Europe, bringing all his depositors to the bank seeking to withdraw their funds, he could not return their funds. Not insolvent but illiquid given its real estate investments, the bank had to liquidate investments to pay back its depositors. No bank, at that time or today, could ever pay back all its depositors on a single day. Bank runs such as this were why the Federal Deposit Insurance Corporation (FDIC) was eventually founded. While New York State banking authorities condemned immigrant bankers for “immoral practices,” these banks operated in a conservative leverage ratio of 3 to 1, meaning for every dollar of its own capital, it borrowed \$3 to invest in real estate. By contrast, Lehman Brothers operated with a leverage ratio of over 30 to 1 by 2007, investing primarily in risky mortgage-backed securities.

What proved most revealing—and most troubling—was how immigrant banks were critiqued for their business strategies. Investing reserves in real estate and offering uncollateralized loans weren’t moral failings but different approaches to risk and community development. Banking authorities, judges, and reformers weaponized Protestant beliefs about thrift and financial restraint as supposedly secular “normative values” to eliminate Jewish financial practices. The language used against immigrant bankers—“immoral,” “reckless,” “un-American,” “bootleg bankers”—echoed centuries of antisemitic rhetoric about Jewish financial practices, now cloaked in regulatory respectability.

The success of immigrant entrepreneurs like Jarmulowsky revealed a fundamental cultural divide about money, risk, and opportunity in America. Their practice of offering uncollateralized loans to any immigrant with ambition reflected a different understanding of how wealth creation actually worked. Having witnessed the impact of Russia's devastating May laws—regulations passed by the tsar in May 1882 that limited Jews to certain residential and business enclaves—and having seen pogroms destroy savings in Eastern Europe, these bankers understood that credit access mattered more than accumulated wealth. They saw New York's explosive population growth as opportunity rather than chaos, purchasing and developing scores of lots in Harlem, Brooklyn, and the Bronx to serve expanding community housing needs.

Most significantly, East European Jews viewed market volatility and even bankruptcy differently from their American counterparts. Rather than seeing financial failure as moral failure, they understood that meaningful success required taking calculated risks—and that a community prospered when individuals had access to the credit necessary to pursue their dreams. Immigrant bankers were criticized for offering loans to those who had previously gone bankrupt. But they could differentiate between bad luck and bad business. This philosophy directly challenged Protestant America's equation of financial prudence with moral virtue, suggesting instead that shared risk-taking and mutual support created broader prosperity than individual thrift alone did.

Such fundamental challenges to American financial orthodoxy could not go unanswered. In the decades following 1914, the world of immigrant banking would virtually disappear from the streets of New York City, systematically eliminated by regulations that specifically targeted their community-centered strategies and investment in real estate practices. The U.S. Immigration Commission sounded the alarm in 1911, arguing that immigrant banks represented the



Jarmulowsky Bank check, circa 1912. Courtesy of Eldridge Street Synagogue

“most important institution” of immigrant colonies—and therefore the greatest threat to American financial stability. New laws required banking charters that immigrant entrepreneurs couldn’t obtain, imposed collateral requirements that excluded their traditional clients, and mandated business hours that ignored the needs of working immigrants.

By the late 1920s, the regulatory arsenal had achieved its goal: It was no longer possible to sell ship tickets to prospective immigrants on credit, operate a bank without government authorization, or finance real estate development through immigrant networks. The legislation effectively criminalized the financial innovation that had enabled mass economic mobility. What had been celebrated as American entrepreneurship when practiced by established elites became “dangerous speculation” when practiced by immigrant Jews.

The historical significance of men like Sender Jarmulowsky extends far beyond banking history. His story challenges how we think about the relationship between Jews, money, and American capitalism. As historian Jackson Lears has pointed out, elite discomfort with immigrant bankers reflected broader societal anxiety about the role of speculation and credit access in America’s rapid rise as a world economic power. While the country’s Protestant establishment attributed American

prosperity to the celebrated values of hard work, saving, and methodical planning, immigrant banking revealed an uncomfortable truth: Credit access and calculated risk-taking were actually fueling America's economic expansion.

This revelation threatened core assumptions about the American character. If thrift and circumspection weren't rewarded while speculation and credit creation were, what distinguished American capitalism from the supposedly corrupt financial systems of Europe? The answer, for many politicians and reformers, lay in eliminating the immigrant practices that exposed this contradiction. Yet in doing so, they erased evidence of how Jewish immigrant financial innovation had democratized opportunity and expanded economic participation—innovations that would later be rediscovered and celebrated when implemented by mainstream institutions.

As migration continues to challenge and redefine our world, the story of Sender Jarmulowsky offers essential lessons for combining immigrant absorption and economic vibrancy. During the pivotal decades before 1914, immigrant banking flourished in an environment of relative economic liberalism, creating pathways for newcomers systematically excluded from mainstream institutions. Though World War I ended this era, the practices, beliefs, and innovations of immigrant bankers left an indelible mark on American finance.

By reclaiming figures like Sender Jarmulowsky from historical obscurity, we reclaim “Jews and money” from centuries of antisemitic distortion. His story and that of his peers reveal that Jewish financial innovation was at times about expanding access, building community, and creating opportunity.

The forgotten world of East European Jewish immigrant banking reminds us that financial systems are never neutral—they reflect cultural values, political choices, and social hierarchies. As America contin-

ues to struggle to create a financial system that serves all citizens — in 2024, noncitizen immigrants spent approximately \$29.62 billion on check-cashing services because banks would not serve them — the innovations pioneered by immigrant bankers offer both inspiration and practical guidance. Their legacy suggests that a truly inclusive finance requires a cultural transformation: moving beyond assumptions about Jews and money, or beliefs on thrift and individual responsibility, and toward a new set of values inspired by East European Jewish immigrant bankers with an emphasis on credit for all and shared risk-taking. In reclaiming their story, we reclaim a more democratic vision of American banking — one where access to credit serves community advancement rather than just elite accumulation, and where Jews thinking through money leads to financial innovation based on solidarity rather than exploitation. For that, Jarmulowsky and his fellow-traveling immigrant bankers deserve credit. *

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