

From Prosperity to Preservation: Otaru's Ironai Banking District

The view along Nichigin Street from the intersection with Ironai Street reveals the history of a modern city. In a radius of some 500 meters, the buildings of the distinguished banks that made Otaru the economic center of the north are eminent examples of modern Japanese architecture. Ten of the original twenty-five bank buildings remain, some designed by the leading Japanese architects of the early twentieth century.

A new financial frontier

The first financial institutions in Otaru were moneylenders and pawnbrokers that catered to the influx of fishermen and fortune seekers during the “herring gold rush” of the late nineteenth century. By 1897, the annual herring catch in Otaru was close to 90,000 tons, and the city's population grew from about 2,000 at the beginning of the Meiji era (1868–1912), to over 100,000 in the 1920s. This rapid growth created a need for larger, government-regulated banks.

Mitsui Bank was the first to arrive in Hokkaido, setting up a branch in Hakodate in 1876 and another in Otaru in 1880. The bank handled the government funds for the development of Hokkaido until 1882, when the Bank of Japan was established. Early banks contributed to Otaru's fledgling economy by offering loans at lower interest rates than the moneylenders, issuing checks with a value equivalent to paper money, and offering currency exchange services to international traders.

A showcase for Japan's modern architecture

The number of banks increased rapidly from three in 1887 to ten in 1897 and twenty-five by the mid-1920s, making Otaru the financial center of Hokkaido. The earliest extant bank building is the Dai-hyakujusan National Bank Otaru Branch, which was completed in 1893 on Sakaimachi Street. It is a rare surviving example of a warehouse-style bank, fusing Japanese and European styles.

At the beginning of the twentieth century, Japanese banks adopted classical European

architectural styles to express wealth, integrity, and stability. As the Meiji government studied monetary and financial systems overseas, Japan's leading architects also looked to Europe and America for inspiration. Four of the most prominent architects of the early twentieth century studied under British architect Josiah Conder (1852–1920) at the present-day University of Tokyo. They went on to build the Bank of Japan's Otaru Branch (1912) on Nichigin Street and the Otaru Branch of Mitsui Bank (1927) on Ironai Street.

In contrast to earlier bank buildings, those built in the 1920s—such as the Otaru branches of Hokkaido Takushoku Bank (1923), Mitsubishi Bank (1924), and Dai Ichi Bank (1924)—feature smooth facades with simple columns and minimal surface decorations. They are typical examples of the restrained neoclassical style then popular in Europe and America for civic buildings and institutions.

The financial downturn that saved a historical streetscape

Many of the original bank buildings in Otaru have survived due to a number of environmental and historical factors. There has been a relative absence of earthquakes throughout the city's history, and during World War II, the city suffered no major damage from air raids.

The city's financial decline also contributed to their preservation. In the mid-twentieth century as the main source for the nation's energy needs shifted from coal to oil, Otaru lost its status as a coal shipping port. Many financial institutions and trading companies subsequently withdrew from Otaru in the 1960s, leaving their stately buildings vacant. Had the economy continued to flourish, they might have been replaced with new buildings in more contemporary styles. In a way, Otaru's financial decline saved the banks of the Ironai district.