

## CANADIAN BANKING PRACTICE.

By H. M. P. Eckardt.

XVI.

If it was thought well to do so, the entries pertaining to the discounting of bills could be taken into the work of each day as it closed. They are made from the discount register. In the case of loan bills, there would be on the one side the debit for loan bills amounting to the total of the loans put through; and on the other, a credit for each one of the profit or revenue accounts that are run.

Interest account or discount account would be credited with the total of the interest; exchange or commission account would be credited with the total of the exchange or commission; if there were other charges they would be credited to whatever account was kept for them, and the total of the proceeds would be credited to current accounts. The grand total of all these credits—profit accounts and proceeds—would exactly balance the amount of the debit—to loan bills. Trade bills would receive the same treatment, and so would any other class of bills for which a subdivision of the register was made.

## Usually Done on Closing Days.

Though this should, theoretically, be done at the close of each day, it is handier in practice to make these entries on what are called closing days. The bills are allowed to run on each day, no entry being made in the bank's books except the posting of the proceeds in the customers' deposit accounts until a balance day comes round. Then the entries are made by taking the totals of the transactions that have occurred since the last previous balance day and entering them exactly as described above, the only difference being that they comprise the work of a number of days instead of one day.

Under this system, though no debit is put through for loan bills or trade bills, and no credits for the profit accounts, the entries are in abeyance. In the interim between balance days it is necessary to take these figures into account before a balance can be taken of the bank's books, or before the proper amount standing in any of the accounts concerned can be arrived at. The bank has actually made the loans, discounted the bills, and it has received its profits thereon; the entries for the same have been merely deferred as a matter of convenience.

## To Check the Discount Clerk.

An officer is appointed to check the discount clerk in his recording of the bills in the register, and in his calculations of profits and of proceeds. After they are checked the bills are to be entered in the discount diary—a book similar to and serving the same purpose as the collection diary, which has already been described. In entering here the same policy is pursued as with the collections, only the most essential particulars are recorded—the number of the bill, the names to it, the place where payable, and the amount. On completing the diarizing of the bills the discount clerk may hand them over to a senior officer, usually the accountant, for the checking that remains to be done. The bills are again read over, to make sure that they are formally and properly drawn, the due date is checked, as is also entering in the diary.

The checker initials or ticks in the diary for each bill as he checks it. Finally, like the collections, the discounts are handed to the manager for filing away. Before sorting them in his bill-case he initials for each one in the discount register. On their being sorted they are done with—for the time.

## Notification of Discounts.

Among the bills accepted by the bank for discount are a considerable number bearing signatures that are

not familiar. These may come from the regular customers or from occasional visitors. They are accepted because the manager has faith in the honesty or responsibility of the man who presents them. Though this faith leads him to accept bills with unfamiliar signatures from his more reliable customers, it need not compel him to hold the bills indefinitely, without satisfying himself as to the genuineness of the various signatures to them.

It has happened more than once that a customer of the highest respectability has deliberately deceived his bankers by systematically discounting forged paper. When this is being done, the guilty party almost invariably takes care to retire the forgeries promptly at maturity. His account goes on, the fraudulent paper probably getting greater and greater in amount, till one day the banker is startled to learn that his customer has absconded, committed suicide, or taken some other desperate step.

## How to Stop Forgery Schemes.

The next development is likely to be the forged notes going steadily into default as they come due, and, on the parties being notified, a procession of nominal promissors or endorsers calling to inform the bank that they signed no such notes as those to which their attention was asked.

Such schemes as these are effectively stopped by sending notices to the promissors and endorsers of discounted paper on the day of discount or the day after. All that is necessary to be said in the notices is that the bank has discounted for So-and-So note made by, or endorsed by, the addressee, for so much, due on such a date. All the discounts need not be notified. The bank may be in position to assure itself positively as to the authenticity of all the signatures to quite a large number of the bills it discounts.

With regard to some others it will, perhaps, be deemed inadvisable to send notices. But experience teaches that it is not always safe to take too much for granted, or to depend too much on the rectitude of the most respectable customers. The sending of these notices is an ancient practice; it is one, however, that is not likely to fall into disuse where sound banking principles are adhered to.

## Notices of Maturity of Bill.

Another old-established custom is that of sending notices to the makers of bills a short time before maturity. This serves a double purpose. Firstly, it reminds the promisor of the approaching due date of his bill, and probably causes him to prepare to meet it. Secondly, it is, like the first-mentioned notice, a guard against systematic forgery by a discounting customer.

It would likely bring an earlier enlightenment in the case of a forgery palmed off on the bank by a transient discounteer; that is, if the other kind of notice had been omitted. Thus it is that the banks, for their own protection, are obliged to send out notices constantly.

Sometimes customers ask that the promissors on notes discounted by them be not notified. They may have a proper reason for making the request. But if the point be too strongly insisted upon, without the proper reason being apparent, the manager would be right in regarding it as a suspicious circumstance.

## Discount Clerk's Duty.

The notices to promissors and endorsers are made out by the discount clerk. The manager indicates the names that are to be notified. It is necessary to keep a record of the notices, as the bank should be in position to say that notice was sent to any particular person, and to give the date on which it went.

The other notices of the maturity of bills are commonly made out by the junior. He takes the particulars from the discount diary. Printed forms are used, the amount of the bill and the due-date having to be written in.

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## STRIKES, CHIEF

Labor Problems are Prominent in  
Financing in London—Rail

Monetary Times

On Thursday, last week, more than 100,000 bales of cotton were shipped from the Montreal Cotton Company, at Valcartier, mandating an increase in pay. The trouble was almost settled, but the demands of the 53 spinners of the day. The trouble was almost settled, but the demands of the 53 spinners of the day. The trouble was almost settled, but the demands of the 53 spinners of the day.

Mr. S. H. Ewing, president of the Montreal Cotton Company, stated that the operators some time since had been offered a 5 per cent. increase, and later of 10 per cent. It is claimed that the advance would have been accepted.

**Big Increases in Wages.**  
Negotiations have been proceeding between the owners and the employees during the last week. The offer was made the spinners. This time the remainder of the employees' representation has been appointed under the terms of the merchants have refused further negotiations.

Quite a number of garment workers also gone out on strike during the week, owing to wages and conditions.

Montreal has been somewhat inconvenienced by a number of the employees have gone out here.

## Quebec Has Record Year.

The Province of Quebec has experienced a record year according to the financial statement for the year ending March 31, 1907. The total receipts amounted to \$5,326,007, and the total disbursements to \$4,823,824. The statement of the province shows a net debt of \$24,962,931, to which must be added the sinking fund investments of \$2,000,000, making a total of \$26,962,931.

There has been a somewhat anxious department during the past week. The water in the reservoirs, after the break-down of the Worthington pump, reached a level of 135,000 gallons per day. A few days ago Superintendent Angus, who wrote the report, stated that a detective meter, which had been installed on July 30th, had, up to August 1st, recorded a consumption of 800 cubic feet, or \$425 worth. Superintendent Angus, who wrote the report, stated that the water rose eleven inches in the reservoir after his letter. Meantime it is claimed that the city will not be sufficient to operate the pumps, which so much has been written, even a few weeks hence.

## Waters of River Become Low.

The annual lowering of the level of the St. Lawrence river is now taking place. At the beginning of the season it measured 32 ft. 7 in. in the new 30 ft. channel. It has since fallen to 25 ft. 5 in. in the old channel. It has since fallen to 25 ft. 5 in. in the old channel. It has since fallen to 25 ft. 5 in. in the old channel.

On Thursday of this week James J. Nesbitt, a teller charged with having robbed the Bank of America, in Montreal, of a large sum of money, was accused of having taken refuge in Liverpool, where he had taken refuge. He desired to be punished for his crime.

## Bonds Successfully Placed in London.

Mr. Arthur J. Nesbitt, manager of the Canadian Corporation, Limited, while on a trip to the Atlantic, was successful in placing a large amount of Rico Railway bonds in England, Scotland and the Continent. The bonds, which carry 5 per cent.