

The following *pro forma* account may serve to illustrate this method of banking.

\$1,000,000 proprietors' capital paid in money.

5,000,000 deposits on stipulated terms, or with due notice of withdrawal.

\$6,000,000

Loan at discount and in exchange dealings, say
7 per cent. per annum..... \$420,000

Contra.

Interest on \$5,000,000 deposits at 5 per
annum..... \$250,000

Loss of interest on \$40,000 money in re-
serve at 7 per cent..... 2,800

Rent \$1,500 ; salaries \$9,000..... 10,500

Bad debts one-fifth of 1 per cent., say... 12,000

Contingencies..... 4,700

\$280,000

Dividend on proprietors' capital 14 per
cent. per annum..... \$140,000

The loan must be so averaged as to time, that the receipts shall always preceed the demand for payment of the deposits. The operation of the Saving Banks, without any capital at all, shew that large deposits may be obtained. With such ample capital as above stated, to protect and give entire confidence to depositors, or with less capital deposits of less amount may be maintained at five times the amount of the capital. The loans should be made on commercial paper and active securities so that the money would be constantly employed in the currency, either in money or in checks, or certificates of deposit, with money in reserve, dollar for dollar, against the liabilities. Such reserve would be a special deposit without interest. This institution would be an honest "money bank," dealing in capital, getting money before loaning it.

Our bankers assert that such is the nature of the busi-