

CANADIAN BANKING PRACTICE.

By H. M. P. Eckardt.

XXXV.

Of the payments made by the teller the most numerous will be those called for by cheques on current account. The bank's regular customers have almost every day payments to make locally, and the most convenient way to make the greater part of them is by cheque on the bank. Those which are given to customers of other banks, and those which come into the hands of customers of other banks, will reach the bank mostly through the bank deposits, which have already been described. But there will be a large proportion presented at the counter for cash. These may be drawn for various purposes. They may be for wages or for services performed; they may represent settlement for live stock, produce, or other goods purchased; they may represent investments of money in securities, in personal or real property, or the withdrawal of money from those investments; they may represent the payment of dividends, profits, or other distributions.

Must Consider Three Parties.

Whatever they represent, the teller has three parties to consider in every transaction on them. He must consider the bank. It is to be saved from risk or loss, and it has a right to expect him to so conduct the operation as to give it the maximum of benefit. He must consider the drawer of the cheque—the payment in prospect, when a cheque is presented, is one the bank is about to make on the instructions and on behalf of its customer. So the teller has to keep his interests in mind. Lastly, he must consider the payee, who holds the bank's obligation, and will expect to have his convenience respected.

In guarding the bank's interests the first thing is to be satisfied that the cheque is good. Is the drawer's signature genuine? Has he sufficient funds at his credit? These are matters for the ledger-keeper to pass on. He has, in his ledger, the record of the customer's funds. He also has the custody of the specimen signatures. Theoretically, all cheques should be presented to the ledger-keeper for certification before being presented to the teller for cash. In large offices the paying teller will hardly look at a cheque till it has been duly certified by the ledger-keeper. Business could scarcely be conducted in the cities in any other way.

But in the small offices the rule is not so rigidly insisted upon. In them, the tellers quickly get thoroughly familiar with the state of the customers' balances and with the signatures as well. There is doubt only about some few weak or inactive accounts. The teller is able to pass instantly, without the ledger-keeper's aid, on most of the cheques presented.

Check on the Ledger-keeper.

In performing his duties he becomes almost as conversant as the ledger-keeper about these matters, even in the larger offices, and he is expected to use this knowledge as a check upon the ledger-keeper. That officer might be deceived by a false signature, or he might attempt to defraud the bank by certifying worthless cheques. In either case a wideawake teller might be able to check him. So, the good men do not accept blindly everything certified by the ledger-keeper. Mentally, and almost unconsciously, they check him up in a great many transactions.

The cheque being pronounced "good," the next thing is to get for the bank a proper discharge or release for the payment it is about to make. If the cheque is payable to bearer, an effective discharge is obtained through the mere getting possession of the document by paying it. If it is payable to order, the

payee's signature is required on the back. Furthermore, the signature on the back must really be that of the person named in the body of the cheque. This brings up the question of identification, which has, perhaps, furnished good for argument among bank officers more than any other subject. The differences of opinion and the difficulty in settling the question arise as follows:—

Every day quite a number of cheques payable to order are presented by strangers. When they hand in their cheques to the teller, his first question is: "Are you So-and-So" (naming the party mentioned in the cheque)? The stranger replies in the affirmative. The teller then asks: "Are you known to anyone in the office?" The stranger says, "No." What is to be done? If it is a cheque of \$5 or \$10 there is not much difficulty about it. The man's word can be taken, as hardly anybody would commit a penitentiary offence for the sake of that much.

Troubles of Identification.

But if the amount is near \$100 or \$200, the question is not so easy. If the teller cashes one of these cheques without identification he does so at his own risk.

In case of his accepting a forged endorsement he will probably have to make good the amount of the cheque out of his own pocket to the rightful owner. "But," some people will say, "why not insist on identification in every case?" The answer is, that to do so would cause friction and loss of time all through the day. A great many of the payees of cheques do not understand the necessity for identification. When they are told that identification is required they are apt to take it as an affront, or they think the teller is officious and putting them to needless trouble. The strict enforcement of the rule, which is quite right and proper for the bank's protection, results in endless wrangling and ill-feeling, which disposes some tellers, and managers, too, to take a little more risk in the matter of identifications.

FROM MOOSE JAW.

The money stringency has reached Moose Jaw, says a reader in that thriving Saskatchewan town. It was late in coming. This stringency may well be called a contagious or infectious malady. It is carried from one continent to another, from one country to another, and from one city to another, by word of mouth, by the public press, and quite frequently through the mails.

Moose Jaw warded off the malady for some months after it reached Winnipeg. Of the 8,000 inhabitants, only some 100 or 125 have become affected. Unfortunately the majority of these are business men, who have been accustomed to a line of credit of from \$1,000 to \$10,000, or even more. They have been cut off to a "water diet" only; no substantial "food" is given. The idea is to reduce the surplus flesh to a healthy working basis in order to avoid a total collapse in time of extra strain. As about one-half of the men of the city are employees of the C.P.R. their pay continues as in past years. The malady does not affect them. As the crop in the Moose Jaw district was good, it is only a matter of time, and that brief, until grain is marketed and "Richard is himself again."

Early in the new year the reaction will commence. A busy year (1908) will soon be with us—busy in railroad expansion, in farm settlement and increased trade.

ELECTRICAL DEVELOPMENT SITUATION.

As we go to press a copy of a lengthy letter, addressed by Messrs. Baker, Ayling & Company, bankers, 50 Congress Street, Boston, to the Honorable J. P. Whitney, Premier of Ontario, comes to hand. We can find room at this late hour for only one extract: "The efforts which we have made in inducing our clients to invest in Canadian Bonds have been seriously injured lately by what we consider the unfair attitude of the Government of the Province of Ontario toward the Electrical Development Company."