CANADIAN BANKING PRACTICE.

By H. M. P. Eckardt.

XI.

The regular balance days of the branch may come twice or four times a month. On each one of them a balance of the ledger is to be struck. Before proceeding to it, the ledger-keeper makes certain that all his entries up to the evening of balance day are received and entered. Then, after the ledger is called off, he takes it, and going through every account from A to Z, takes the balances into his balance book. As he goes along he makes a careful record of the outstanding cheques (accepted and entered in the accounts, but not yet paid by the bank). These he readily discerns by reason of their not being initialled. The list of balances is then added.

Refractory Deposit Ledger Balance.

The total of the outstanding cheques is added to the total of the credit balances. The result represents the amount of deposits in his ledger. The total of the debit balances or overdrafts represents the amount of loans made in that form by the branch. To find out if his balance is correct he must refer to the general ledger. In one of its accounts each day are posted the totals of the deposits and cheques in current accounts as shown in the cash book. On a slip of paper the ledger-keeper takes the grand total of his credit balances and outstanding cheques, and deducts from it the amount of his debit balances. The difference should agree with the balance of "current accounts" shown in the general ledger. If it does not agree, on the general ledger being balanced or proved correct, the deposit ledger balance is said to be "out."

It is a heavy task sometimes to find a refractory deposit ledger balance. A very large number of entries have passed through, any one of which may be the erratic one. It might be in the posting, or in the extension of the balances; it might have been missed in the calling off; it is just possible that the previous balance may have been lalse, in which case the whole work back of it till a true balance was found will have to be gone over. The long, weary hunts for balances are decidedly wearing on conscientious officers. Generally it is a matter of working late at night, and it is not always easy to rid the mind of the worrying problem sufficiently sto get a proper rest after abandoning the search and going to bed.

Balancing Pass Books and Returning Vouchers.

The recital of the ledger-keeper's duties will be concluded with a description of the manner in which the customers' pass books are balanced and the cancelled vouchers returned to them. On the last days of the month, as the customers bring in their books with deposits, they are asked to leave the books to be balanced. As many books as possible are gotten in.

Though the pass books generally have, on the outside or inside of the front page, a printed request for the customer to leave it at the bank for balancing at the end of each month, a great many customers never leave their books unless they are asked. The first thing is to write in all the entries. Formerly, the books had to be balanced; that is, all the credits and all the debits added up and the balance proved with them.

Now, since pass books showing progressive balances have come more generally into use, the balancing is not so rigidly insisted upon. The next operation is to tick off the vouchers. This is quite a big task, and are sorted away with this circumstance in view, and terest from the first of that month.

each customer's vouchers are thus gathered together in an accessible place.

When the vouchers are all found and all debit entries in the pass books ticked off, the books are ready for handing out. But these vouchers provide the chief means by which the bank can prove the correctness of its customers' accounts in the event of their disputing the point. Hence, they cannot safely be given up until the customers have acknowledged their receipt and confirmed the correctness of their accounts. As each customer comes in, after the beginning of the month, the ledger-keeper hands him his book and cancelled cheques after taking his receipt and confirmation of account.

Thus, he is debarred from disputing his account up to the end of the previous month. For the items in his account for the current or running month the bank has, of course, the vouchers he has himself issued, and it can at any time prove any account on its books by producing vouchers back to the date on which the customer last confirmed it.

The savings bank ledger is a book having an affinity with the current account ledger. The savings bank department, as at present constituted and run, is a comparatively recent development in Canadian banking. Twenty-five years ago the great bulk of the bank deposits was contained in the current accounts and deposit receipts; the savings department was almost unknown.

Under the deposit receipt system, when a bank takes sum of money at interest from a depositor it gives him a certificate or receipt in which the receipt of the money is acknowledged, and a contract entered into by which it agrees to account to him for the principal sum, with interest at a specified rate, if the money remained not less than three months, the depositor to give the bank ten or fifteen days' notice of withdrawal, on which notice interest to cease. The receipts are stamped, "Not negotiable," or "Not transferable." Several features in connection with the deposit receipts were highly advantageous for the banks.

Better Opportunity to Enforce Claims.

In the first place, the bank contracted not to pay the principal in cash to the depositor, but to account to him for it. This circumstance, taken with the nonnegotiability of the document, gave it a better opportunity to enforce claims of one kind or another against a deposit receipt-holder than it has against the owner of a savings bank account balance. Then the fact that the depositor must come in person to withdraw his money made the deposit less liable to capture by another bank. The stipulation that the deposit should remain three months to entitle it to interest was more advantageous for the bank than the present savings bank stipulation that the money must remain one month in order to draw interest.

The interest on money left on deposit receipt runs at simple interest. Many banks now compound interest on their savings bank balances four times a year. While some few deposit receipts were brought in, under the old system, every three months for the addition of the interest to the principal, the most of them ran for six monthis, and a considerable number for over a year Some few were allowed by the holders to run for several years at simple interest. The average term of a deposit receipt would probably be somewhere between nine months and a year.

Minimum Balance at the Savings Bank.

With regard to the notice clause, though notice was not exacted, it was customary to deduct the ten or fifteen days' interest at withdrawal. But this last is fairly offset by the minimum balance feature of the it may be that the whole staff is called on to assist, so savings bank department. This rule, when strictly that the books may be ready to hand out on the morning enforced, means practically that the interest on a new of the first day of the next month. For every debit deposit made by a depositor commences to run from the entry shown in each customer's pass book a voucher beginning of the following month; and, similarly, on must be produced and the entry ticked. The vouchers money withdrawn through the month, he loses his in-

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Prominent Canad

Opinions differ widely as to stringency. Industrial expansion popular explanation. Very few anticipated the rise in interest in stocks. It is not generally exp come much dearer. Low rates somewhat upon a lessening of inc an event which is apparently very The stringency over the warning. Which is curious. with very little warning. Which economic and industrial spheres.

Some Opinions—Old and New. The Monetary Times has in ciers, commercial men, stockbr throughout the Dominion, and t

Other expressions will appear ne Mr. Charles Hosmer, a direc cial and industrial concerns, did could have done more than the

situation. "It is not as if tight-money plaint," said he. It is world-wid it is not more marked in other

do not see how our banks could "To what do you attribute th "Students of economic matte the past few years, and also to property in various ways. We, that the expansion of all sorts of ment and extension of railways, have not kept pace with the req This, in spite of the fact that even meet the situation."

"It has been suggested as should increase their capital." Circulation Sufficient for Crop M

"I do not think that the cu been refused money to carry on they had proper security to offe movement there has never been a Banks may have had to borrow f aggregate, there has always bee lion dollars, which could have be manded. I have no doubt that be the same, and that the circula It the banks decided to increase who would be able to buy the st of money locked up is very grea released at will. The banks are their funds up for long periods. amount on call, at New York, to

"Can anything be done to r "It will right itself in time. will have the effect of putting the will be further influenced by the large undertakings which are no When we begin to catch up, mathemselves."

"Do you think the turn will "So far as Canada is concerr for many years. But this will n tries, and Canada will be influen outside world. Money will probate come."

"By the way," said Mr. Hos compare the inspection of whea with the same periods of last ye good deal of money is being u available for other purposes a ye money will be employed for th work of shipping the 1906 crop; movement of this year's crop. duty of the banks, and they will just as much grain as the railway Almost a Dozen Reasons.

A Toronto wholesale merchai a pet theory for the embarrassis Boer war," he said, "the Russo-J earthquake disasters last year, (tion, industrial expansion, transp of New York Stock Exchange n are a few of the causes which has "Perhaps it would be correct

right to some degree. I think