

THE HUMAN ELEMENT IN BANKING*

Banker Should Show Personal Interest in Affairs of Depositor as Well as Those of Borrower

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THE human element in banking is a matter of vital importance to us all and one to which we have not given sufficient thought in the daily performance of our duties as bankers of the present day. As bank managers you are all familiar with the fundamentals of sound banking; you know that it is the constant aim of every banker to increase his deposit business to the maximum, although it is in the discount department where profits are made.

You know when you receive an application from John Smith for a loan of \$5,000 after an analysis of his financial statement and the security offered whether he is entitled to it on the basis submitted. You know that Thomas Brown who has just deposited \$10,000 in your savings department is a valuable addition to your list of depositors, but do you know why either of these men or both of them, have come to your bank to do business? In the case of the borrower, John Smith, your answer would undoubtedly be "yes," but in the case of Thomas Brown, the depositor, the answer is not so certain unless you have instructed your staff on the paramount importance of the manager coming in personal contact with every customer of any importance on the bank's books, except in city branches where such duties are delegated to the assistant manager or to the accountant in accounts of minor importance.

Opportunities for personal contact of the manager with customers or prospective customers should be availed of at all times with a view to closer relations, and if necessary should be created by the manager with a view to keeping himself posted and showing a friendly interest in the business or hobbies of his customers. It is these little attentions—the human element—which make a satisfied customer. He feels that his business is appreciated and the time spent by you in this way in humanizing your business will return big dividends as a satisfied customer is the best advertisement the bank can have. Every man has friends, some of whom are possibly desirable in a business way, and your satisfied customer will take delight in bringing them to his bank.

To my mind there is no method which will produce results of substantial proportions within a reasonable time to better advantage than by your satisfied customers doing missionary work for you, and I have never known a case that did not produce good results when the subject was properly broached. A great many banks have an air of stiffness, aloofness and superiority that makes the average man doing business with them feel that he is undergoing an operation every time he discusses a loan or some other matter in connection with his business at the bank. They are your opportunities; study them but do not underrate them. Profit by your opportunity and let your watchword be—*Service*.

Knowledge an Asset

Remember the "Human element"—a display of personal interest or the granting of a trifling concession may result in securing an attractive account. The successful manager is the man who is a close student of nature. The depositor of to-day may be the borrower of to-morrow. Personal contact with him will probably reveal the fact that he will require a loan later on. What is the record? How about the human equation? In the meantime you can get a line on him, size up the proposition and give him valuable service as a result of your investigations and perhaps make a staunch friend. Of course it goes without saying that the branch manager who does not know all about his client's business is not in a position to discuss loans with that client.

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This is the day of efficiency, and it is not only preached but practised in every walk of life, including banking. Old-fashioned banks used to have big fences hiding practically the entire organization, and while the modern bank to a great extent has gotten away from this fencing in of its employees a number of them have "atmospheric" fences. This is largely I think accounted for by bankers taking themselves and their work too seriously, which is something the public as a rule do not understand.

Character and Credit

I cannot help but feel that the younger managers are inclined to over-emphasize the value of financial statements without putting enough value on the character and integrity of the man. Morgan used to say that he would rather lend a man money on personal character than he would on a financial statement—one man with a million dollars in assets may be entitled to 100 per cent. more borrowing power than another man with the same amount of assets. If the granting of credit were always followed solely upon a man's financial statement there would be a great many wealthy manufacturers and business men who would never have been able to get a start.

In conclusion let me touch on the "atmosphere" of the bank. The successful bank manager must be a keen student of human nature, and the student of human nature knows that the atmosphere of his bank is all-important. It should be one of welcome and service to depositor and borrower alike. If the manager is affable and desirous of serving and instructs the individual members of his staff personally along the right lines, then the whole organization will reflect a spirit of welcome and service, as after all an organization is only the reflection of the attitude and policy of the man at its head. The tendency has been to neglect this all-important "human element" in banking, but you can rest assured that it is the one big factor in successful banking to-day and I ask you to prove it to your own satisfaction by putting it into effect to-day and you will find that the more consideration you show to the "human element" in your business the greater your success and the net results—a truly efficient service.

OGILVIE FLOUR MILLS, LTD.

The annual report for the year ended August 31st, 1919, showing profits somewhat lower than last year, was presented to the shareholders at the annual meeting last week. Flour milling profits were \$649,777, compared with \$832,910 in the previous year, while those "from other sources" were \$982,738, against \$1,122,504 a year ago. The total for 1918-19 amounted to \$1,632,516, compared with \$1,955,414 in the preceding period, a decrease of \$322,898. After payment of preferred and common dividends of \$815,000, surplus amounts to \$817,516, against \$1,140,414 last year and \$593,847 in the preceding one. With the addition of surplus from 1917-18 there remained to be carried forward to profit and loss \$2,148,108. From this was taken \$903,592 to be applied to special contingent account, rounding out this to \$2,500,000 in addition to the rest account of a similar amount.

Net earnings on the common stock outstanding were at the rate of 59.7 per cent., compared with 72.6 per cent. last year, 48.7 per cent. in 1917, 25.4 per cent. in 1916, and 55.1 per cent. in the excellent year of 1915. In the balance sheet, working capital (surplus current assets) was shown as \$7,379,006, against \$6,664,499 in 1918 and \$3,684,800 in 1917. Investments are down \$800,000, being \$5,780,568 against \$6,575,149. Holdings of wheat and flour are shown at \$638,269 against \$1,462,916, a substantial reduction. Cash, however, more than doubled, being \$2,226,123 against \$1,078,472.

At the annual meeting, R. R. Dobell, western manager of the company, was elected to the directorate, filling the vacancy created by the death of George E. Drummond. Other directors and officers were re-elected.