

CANADIAN BANKING PRACTICE.

By H. M. P. Eckardt.

XIV.

In the larger branches the manager's office is fitted with electric call bells connecting with the desks of the particular officers he most frequently desires to attend him. The discount clerk being one of them, it is a simple matter to press his button, and, on his appearance, to deliver into his hands the paper to be discounted, to instruct him what is to be done with the proceeds, and to assure him of the identity of the party who is to get the credit or the cash.

Personal Delivery of Paper.

Thus the element of risk in this connection is pretty much eliminated. In the smaller offices, where no electric system exists, the manager may nevertheless call the discount clerk into his room, by word of mouth or by some device, or, if his staff be small, he may accompany the customer to the discount desk, and there make the desired personal delivery of the paper and of the instructions.

During the course of the day there will be two classes of transactions presented at the discount desk: the bills taken from the regular customers of the branch, and those taken from casual or occasional customers. The former usually desire to have the proceeds of their discounts credited in their current accounts. Only occasionally do they wish to know, on the instant, the amount that will be credited. Most of their bills can, therefore, be placed in a slip or file and calculations made at the end of the day or in a quiet spell during the day.

Must be Dealt with at Once.

These customers are quite satisfied if the amount of their proceeds is entered in their pass books when they come to the bank next day. But there are nearly always some discounting customers, who, not having accounts with the bank, or wanting cash for special purposes, desire to have the proceeds of their bills paid them in money. With the bills they offer it is necessary to deal at once. The first thing to do is to carefully read each bill. It is to become the property of the bank, and in the event of its not being paid at maturity it may have to form the basis of an action at law, brought by the bank against the delinquent parties to it. Therefore, care has to be exercised that each bill is perfectly formal and legal on its being taken. The bill must be dated, the place of its execution, the day of the month and the year being necessary.

Some Necessary Precautions.

Then the term, "On demand," "At sight," so many days or months after date or after sight must be given. Next, the payee must be named (it must be payable to some individual, firm, or corporation), and it must have an accessible place of domicile—be drawn payable at some place where presentment can be made. The amount must be written in. If it is a draft, the drawee's name and place of residence are required, and the drawer's signature; if a note, the maker's signature. Finally, it must bear the payee's endorsement in a form identical with his name as written in the body of the bill. Each bill must be free from alteration or erasure, either of which might prevent the bank from enforcing collection.

Satisfied as to these points, the clerk may proceed with the calculations. The due date is the first essential. When found, it is plainly marked on the bill. If it is a local bill, this establishes the date on which the bank may expect to get its money back. Then the number of days between the date of discount and the due date is arrived at. A glance at a book with printed tables establishes this.

Now, the discount can be calculated. Interest tables are used for this. Interest is taken, at the rate specified by the manager's marks or signs, for the

number of days unexpired on the face amount of the bill. This may be set down in pencil lightly upon the bill, or on a slip of paper pinned to it.

Charging Commissions Requires Care.

If commission is to be charged—a reference to the signs informs the clerk as to this—the amount of the commission is set down under the interest. If any other charge is made, for notification or for something else, it also is set down, and all the charges—interest, commission, and special—added together. When the total is deducted from the face amount of the note the proceeds are left. For his own and for the bank's protection it is desirable that the clerk should have his calculations checked by another officer before permitting a casual customer to draw his proceeds in cash.

Everybody is liable to make mistakes; an overpayment might be difficult to regain. The calculations being made and checked, the customer may be permitted to draw what is coming to him. The bank desires to be able to prove that it paid him cash for the bill or bills it has just discounted. The amount of the proceeds is written into a cheque form, and on his signing it and on its being certified at the ledger the cheque is good for cash at the teller's wicket.

How to Make the Book Entries.

With regard to the book entries, theoretically necessary whenever a bill is discounted, they can be shown by an illustration. Suppose a bill for \$100 is put through, on which the discount is \$1.80, the exchange 25 cents. First of all the whole bill must be debited to "Bills Discounted," "Loan Bill," or whatever is the heading of the account to which it belongs. The credits to counterbalance this would be:

| | |
|---|----------|
| Credit discount or interest..... | \$ 1 80 |
| Credit commission or exchange..... | 25 |
| Credit the customer's account; proceeds | 97 95 |
| | <hr/> |
| | \$100 00 |

A special place in the deposit ledger is reserved for transactions such as this, in which two entries, one extinguishing the other, are made. The proceeds, \$97.95, go into the credit side of the column; the cheque cashed by the teller, drawn for the same amount, goes into the debit side, and no balance is shown.

The bills lodged by regular customers are treated in the same way except that the proceeds are carried into their current accounts, covering or reducing their overdrafts, if the accounts are overdrawn, and if they are not, providing funds that can be operated upon by cheque or in any other method which the owner may select. Each bill is subjected to the same treatment as that already described.

Economy of Labor.

When a customer deposits a batch of bills, it is possible to economize the entries and the work of calculating interest, etc. The particulars of all bills discounted must be recorded in the discount book or register. The book must contain the names of all the parties to each bill, and every particular that would be required to produce a duplicate in case of its being lost or stolen. In addition, it should have the particulars of the cheques (interest, commission and other) that are made against it, and the proceeds credited to the customer.

In the case of bills left by regular customers which are put through at the clerk's leisure, or at the end of the day, the calculations can, of course, be done direct into the discount register. The approved method is to enter all the bills in the class to which they belong in the register. After first arranging them in convenient order for entering, first, each customer's bills all together, next probably, according to due date, the earliest maturities on top, entering everything but the number of days to run, the charges and the proceeds. Then to take the time-table of days, and, running down the column, to enter on each line the number of days between the date of discount and the due date shown thereon.

The Insurance

August the 10th

WINNIPEG'S HIGH-PRESSURE

Some of the larger Canadian commendable enterprise in arranging of their commercial quarters against flagration. But others are equally contrary direction. Hamilton has enough to provide itself with an engine will give a pressure previously lacking the other hand, dawdles over installing pump and talks of a high-pressure mess quarter. No definite step to been taken. True, the aqueduct to bring water to the reservoir, but to increase the pressure. Increased much needed in the Montreal water pump now being put in, additional

In Toronto the mains for a high being laid. Mr. Fellowes, the assessor says it will be ready during the present two years have elapsed since a by-law providing for the installation of a high Winnipeg. On April 25th, 1905, an order issued to the merchants and proprietors the extent of their liability for the

The spring of the present year time when the first unit of this system for operation. But it is not yet ready uncertainty when it will be. Wrangling tractors and city officials have delayed still the business men of Winnipeg insurance premiums to the underwriters protective arrangements of the city its growing size and the increasing commercial risks.

In these circumstances the resolution and the Board of Control has been without reason. The grave need scheme is admitted; it was authorized for it voted. That its completion delayed is one of those commentaries on civic procedure. Civic procrastination work is common—and hateful. If it is hateful, but they give wisdom to Winnipeg, equally with the citizens to be accumulating a stock of wisdom protection which it may be hoped for the event.

All prudent people will sympathize with Ashdown and the controllers in the completion of Winnipeg's high-pressure Canadians everywhere are so proud of the rapidity and firmness of its growth that it has taken towards civic polity, that for a matter of public interest to be lazily neglected and disaster may come is intolerable.

Winnipeg is spending on the fire brigade more than \$120,000 annually, more than is expended in Canada for a similar purpose. Toronto and Montreal over \$300,000. Toronto citizens will contribute for the new will besides be large. The Manitoba describing this subject, does not abate for requiring the expenditure, but necessary, and inveighs against the much-desired system, subjecting as the interests of the city to a heavy outlay of premiums, which can be met by underwriters' demands are complied

Public opinion, which will control the City Council of