

2. Bills of exchange, including cheques.
3. Promissory notes, including bank notes.
4. The sum standing at his credit in his banker's books.
5. Private debts.

The sum standing at his credit in his banker's books is clearly a portion of a man's circulating medium; and is to be considered very much in the same light as the paper circulation of the bank; because he can at any moment convert them into a cheque, which is a bill of exchange, payable to bearer on demand, and is in all respects equivalent to a bank note. Bank notes, as is well known, are nothing more, but *promissory notes* of the banks, *payable to bearer on demand*. No writer ever hesitated to admit that bank notes are essentially part of the currency of the country; many regulations have been made restricting their issues. But banks have also *bills of exchange payable to bearer on demand*, though as they are the *acceptors* of these, they of course, do not issue them. These bills are most commonly known by the name of *cheques*, and they in no way differ from bills of exchange.

The great and important portion of the currency which consists of cheques has not been sufficiently appreciated. The attention of speakers, writers and legislators on the *paper currency* has been almost exclusively directed to bank notes; whereas all the ideas involved in bank notes are, with a small change in the form of expression, applicable to cheques; and there is no operation whatever which a bank can promote by means of bank notes, which it cannot, with equal efficacy, perform by means of cheques. If it wishes to advance a speculation instead of giving its customer so many of its promissory notes, it promises to honor his cheques to an equal amount.

It is often said that no London banker issues notes; and hence it is too often hastily concluded that no London bank but the Bank of England deals in paper currency. But it is impossible to conceive a greater fallacy than this. Formerly the London banks all issued notes, or deposit receipts, which before the stamp laws were transferrable by delivery.

Ab
issu
was
thei
tanc
and
pres
" W
tors
effec
a pe
and
" TH
true
the c

T
of th
of al
the
ture
to ri
in ci
of de

Pr
medi
bank
excha
from
except
of the
than
and p
tage.
value
and fi

An
coins,
tingui
which