CANADIAN BANKING PRACTICE.

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XXII.

Small bills are bulked and put in as so many bills under $200, or whatever the amount is. Each class of bills is added up and the totals summed. When the grand total is added to the balance shown by the last statement, and the amount of the bills matured and paid during the period covered by the statement is deducted from the result, the remainder should agree with the total of discounted bills shown in the general ledger.

Frequent Accountings Desirable.

Shortly, the purpose of this statement is to give the general manager a day-to-day or running account of the paper that is taken for discount, and also to explain or justify the manager's action in discounting it. So far as the liabilities statements are concerned, the number of them dispatched, and th length of the intervals between, are matters which each bank arranges to suit its own particular circumstances or policy. But the best kind of management calls for reasonably frequent accountings by the branch managers of all discounted paper held by them.

There may be two liability statements required, one being weekly or bi-weekly, and the other monthly or bi-monthly. It is generally desired that the particulars of the large liability accounts be set out for head office information at frequent intervals, so that the changes can be seen and followed. Thus a statement of liability accounts exceeding a certain sum—$1,500, $2,000, or $3,000—may be called for twice a month, or more frequently.

On the statement form, which is a large sheet, the accounts that qualify for entering are set down, one after the other, in alphabetical order. A heading is raised for each account, and under that the subsidiary or collateral names, and the security held, are given, arranged first, by classes and then in alphabetical orders.

Some of the Methods.

For example, the customer's loan bills are entered first. The name of the endorser of each bill exceeding the amount fixed upon as minimum is given, and the amount. If the loan is secured by pledge of some specific security, the security is described. Then, in entering trade bills, the names of promissors are given, with the amount for which each one is liable. Liabilities under the minimum amount are entered: "So many trade bills under $——, $——.",

The past due bills are entered in a manner to specially strike the attention, usually in red ink. At the foot the amount of the customer's indirect liability, with the particulars thereof, is given. When the totals are extended there will be shown the total amount of the customer's loans, of his trade bills, the grand total of his liability, and probably columns will be provided for a comparison with the total amount as of the same date in the previous month and in the previous year.

Then a liberal outer margin is provided in which the manager is expected to give the customer's rating, the surplus he claims over what amount of liabilities, his character, standing, capability, the condition of his business and other facts calculated to assist the general manager in his efforts to get a clear idea of the desirability and safety of the debt. Each subsidiary name or security has also to be reported upon, but the remarks are not so minute or so full as in the case of reporting on the principal.

Copies are Required.

When all the accounts qualified for the statement are treated in this manner, the totals extended and carried forward to the end of the last sheet, the statement is completed. As it contains only a part of the loans and discounts, the total shown at the end does not balance with anything. Copies being required, for reference and for guidance in making out future statements, the writing is done in copying ink.

The monthly or bi-monthly liability statement differs from the above described one only in its being a complete exhibition of the customer's liabilities. Every account exceeding the minimum fixed—anywhere from $300 up to $500—goes in, and, as the small accounts are bunched at the end, the total can be balanced within a few hundred dollars with the general ledger figures.

This also is press copied. A special copy book is kept for the liability statements. All three of the statements which have been described are to be signed or authenticated by both manager and accountant.

Bank Chooses Policy It Thinks Best.

It may be, if a complete liability report is required once a month, that the report on large accounts is not required at all. As before stated, each bank follows whatever policy it thinks best in this matter of statements required from the branches.

After serving in turn as junior, ledger keeper, and discount clerk, the bank officer's next promotion is likely to be to the teller's box, or the cash. As he rises to the higher posts, with increase of responsibility, his fidelity bond is gradually raised. He will have been receiving also increases in salary, every year, probably on the occasion of the annual revision of salaries, with perhaps one or two increases for special reasons. On receiving his appointment as teller there will be, in all probability, a further raise in his guarantee bond and a further increase in salary.

Teller's Extra Risk Acknowledged.

Some banks acknowledge the tellers' extra risk of personal loss by establishing a special or extra remuneration for them. The way this is done is to credit each teller with $100 a year, or more, in addition to his regular salary, for the whole period of his service in the box. The money is not paid to him, as his salary is, but is reserved or held at his credit in the head-office books.

Shortages in his cash which he cannot make good himself are charged against his balance. Interest is allowed, and, six months, or a year after he leaves the cash, he may draw whatever is at his credit. This delay in permitting withdrawal is exacted as a precaution against shortages, attributable to him, occurring in the cash after he has left the box. Other banks follow the practice of granting their clerk's special increase of permanent salary on appointment to the teller's position.

Strong arguments can be adduced in favor of the universal adoption of the teller's risk funds.

What Over or Under Payment Means.

It is impossible to deny that the bank officer is under special risk of loss while he serves his bank as a teller. When his cash is over, he knows that it is so either because he has underpaid a customer or given short credit on some entry passing through. It is most likely to turn up at the next balance day if not before. He must make thorough search for it.

If it does not turn up, the bank requires him to credit the amount to teller's surplus account, where it is held as a liability of the bank against any possible demand that may be made for it.

On the other hand, when the cash is "short" there is always the danger that some dishonest payee has been given more than he was entitled to, and of the transaction not being discovered. In this case, the teller loses. He must pay out of his own pocket whatever is required to keep the balance of his cash equal to the amount shown in the cash-book. The most accurate of men have their "off"-days. Everybody is liable to make mistakes. Where there is no risk fund, the teller is apt to feel some injustice pressing on him from the fact that when other officers make mistakes the only penalty they have to pay, in nearly every case, is extra work looking for balances, or a little trouble in rectifying.