

THE OLD LADY OF THREADNEEDLE STREET.

A Series of Short Articles upon the Bank of England
Its Working Methods and World Influence.

IV.—The Banking Department.

The functions of the Bank's Issue Department having been referred to in some detail, attention may now be given to the regular Banking Department, whose statement makes up the second part of the weekly Bank Return. To aid in grasping the details of the latter, as well as its relation to the former department, the complete statement of last week is reproduced. And, in order to indicate the growth of the bank, there is given also the first statement published after the operation of the Bank Charter Act of 1844.

As given in the last issue of THE CHRONICLE, the changes in the Bank Return for the week ending September 4, were as follows:

(a) Bullion, increased.....	£495,000
(b) Total reserve, increased.....	266,000
(c) Notes reserved, increased.....	96,000
(d) Circulation, increased.....	291,000
(e) Prop. reserve to liabilities—Inc. from 49.40 p.c. to 50.03 p.c.	
(f) Public deposits, decreased.....	1,344,000
(g) Other deposits, increased.....	1,067,000
(h) Government securities, increased.....	236,000
(i) Other securities, decreased.....	76,000

From these it is possible to deduce the following approximately complete statement, bearing in mind that the item (a) Bullion includes the Coin and Bullion from both the Issue and Banking Departments; (b) Reserve refers more directly to the latter department and consists of the sum of Notes Reserved and Gold and Silver Coin; (c) Notes Reserved are those notes issued and not at present in (d) Circulation, but held as part of the Reserve; (e) the Proportion of such Reserve to Liability is obtained by considering the Liabilities to the Public consisting chiefly of (f) Public Deposits and (g) Other Deposits—to which is to be added the comparatively trifling item of Seven-day and Other Bills; (h) Government Securities and (i) Other Securities, with the Reserve above mentioned, make up the total Assets of the Banking Department.

RETURN FOR WEEK ENDING SEPTEMBER 4, 1907.

Issue Department.

Notes Issued...£55,162,000	Government Debt.....£11,015,100
	Other Securities.....7,434,900
	Gold Coin & Bullion..36,712,000
£55,162,000	£55,162,000

Banking Department.

Proprietors' Capital	£14,553,000	Government Securities	£14,555,000
Rest.....	3,650,000	Other Securities.....	7,855,000
Public Deposits	6,274,000	Notes Reserved.....	8,175,000
Other Deposits	47,931,000	Gold & Silver Coin....	858,000
Seven-day & Other Bills..	83,000		
£72,491,000		£31,423,000	£31,423,000

Some special interest attaches to the foregoing statement since it is for the week corresponding

to that of the following statement: the first published by the Bank after the Act of 1844.

RETURN FOR THE WEEK ENDING SEPT. 7, 1844.

Issue Department.

Notes Issued...£28,351,000	Government Debt.....£11,015,100
	Other Securities.....2,984,900
	Gold Coin & Bullion..12,657,000
	Silver Bullion.....1,694,000
£28,351,000	£28,351,000

Banking Department.

Proprietors' Capital	£14,553,000	Government Securities	£14,555,000
Rest.....	3,650,000	Other Securities.....	7,855,000
Public Deposits	3,631,000	Notes Reserved.....	8,175,000
Other Deposits	8,644,000	Gold & Silver Coin....	858,000
Seven-day & Other Bills..	1,030,000		
£31,423,000		£31,423,000	£31,423,000

Considering in turn the features of the Banking Department's exhibit for the week ending Sept. 4, 1907, the first item is that of Proprietors' capital, amounting now as in 1844 to the large sum of £14,553,000—the figure at which it has remained ever since the year 1816.

The Rest consists of an accumulation of undivided profits, the present amount being somewhat greater than at 1844, and never running below a minimum of £3,000,000. No credit, by the way, is taken by the Bank for its further valuable reserve in the shape of its London premises.

Public Deposits are composed of the balances of the Exchequer, Government Savings Banks, Commissioners of the National Debt and Dividends on Public Stock. The total varies to a marked extent at certain times in the year owing to collection of taxes, payment of Government dividends and so forth.

Other Deposits are made up of ordinary customers' balances, as well as of balances kept by bankers with the Bank. The way in which the latter balances really form the ultimate reserve upon which the entire country's banking system rests will be touched upon later.

The final item on the liability side of the statement is that of Seven-day and other Bills. The Seven-day Bills are known also as Bank Post Bills. They are to all effects drafts upon the Bank and originated early in the 18th century, the bills being "payable at seven day's sight, that, in case of the mails being robbed, the proprietors might have time to give notice thereof." Naturally, under present-day conditions the amount of such bills is but a small fraction of what it was even in 1844, when the item totalled over the million mark.

Coming to the credit side of the statement, Government Securities are made up of securities guaranteed by the British Government, and include also any temporary advances made to the Treasury on Ways and Means and Deficiency Bills. During