

"Now, the only way in which an examination of a bank with "branches could be carried out would be by a simultaneous "audit at all points on the same day." Strangely enough, the same argument is the most prominent to-day; despite the audit of all the banks in Great Britain, in Australia, in Switzerland, in Austria and in Russia. In Germany the subject of bank audit is now under discussion. The branch banking system prevails in all those countries, some banks having more than twice as many branches as any bank in Canada. If there be any Canadian bank of which a fairly clear insight cannot be obtained by intelligent auditors within a week, by examination of the head office alone, that bank's system is out-of-date, and a chartered accountant's assistance might not be amiss for the purpose of improving it. In our investigation of the causes of failure of banks operating branches, we have not found one instance in which failure was due to bad management at the branches. The general management is always at fault, and the directors are frequently involved. There is almost no other history of the cause of bank disasters in Canada, and the same appears to be true of other countries having similar systems of banking. We have no record of fraudulent failure in which the vicious conditions existing could not have been readily detected by an expert at the head office of the bank. The assumption that a simultaneous inspection of every office is necessary to an efficient examination of a bank's condition would therefore appear to be groundless. In fact examination of a bank's branches by auditors from without is not necessary. The correctness of this statement should appeal to all practical inspectors; and the proposal to forestall and minimize disaster, by regular examination of the places where