

BANKERS.

There is no limited partnership in banking. Banks may be either private or joint stock. To carry on business a public charter is necessary. Chartered banks are authorized to issue their own notes up to one fifth of the unimpaired paid up capital, of denominations not less than five dollars. All bank notes are redeemable in gold. Bank-note holders have the first lien upon the assets of a bank; the depositors next. A bank must accept at all times—even after suspension of payment—its own notes in settlement of debt due the bank, at par value. Shareholders are liable to the public for double the value of their share or stock—"are liable to an amount over and above any amount not paid up on his shares, equal to the amount of such shares." Holders of bank stock which has been sold or transferred, in an ordinary business way, within thirty days of the insolvency of a bank, are liable for any loss accruing thereby, even although the vendor was ignorant of impending suspension; in the law they are still shareholders. By statute the rate of interest charged for discounts is limited to seven per cent., and no greater rate can be recoverable in the courts; any greater rate however may be charged, nor will notes and bills be voided by so charging, as there are no usury laws. Banks are authorized to charge on bills of exchange drawn upon and payable at other branches or at other banks a commission as follows: for bills of exchange under 30 days $\frac{1}{2}\%$, under 60 days $\frac{1}{4}\%$, under 90 days $\frac{3}{8}\%$ when drawn upon their own branches and when drawn on other banks $\frac{1}{4}\%$.

CHEQUES--DEPOSITS.

A bank cheque is simply an order to the banker to pay money to bearer or order—a sort of bill of exchange, and subject to the rules regulating them, but governed by somewhat different circumstances. A banker is obliged to pay cheques drawn on him by his customer, if he has money of the customers sufficient to meet the cheque. A cheque, like a note, must be presented within a reasonable time, which generally includes the day after it is issued, to hold the maker or drawer; for if prejudiced by delay—as in case the banker failed—he would be discharged from liability; otherwise, immediate presentation is not essential. A cheque is not payment until it is paid although practically it is, unless dishonored. But, if a cheque be given in payment of a note or bill, and the note given up by the holder, he would lose all remedy by the bill if the cheque was dishonored. He will, however, have right of action against the cheque. If a bank pays a forged cheque, the loss will be its own, for the bank can only charge his customer with money paid upon his cheques, but the mere fact of an endorsement being a forgery does not throw the loss on the bank if ignorant of the forgery. Marked cheques—certified cheques—practically amounts to an acceptance and binds the bank as an acceptor. Certificates of deposit are in effect promissory notes and subject to the same rules and principles applicable to that class of paper. Cheques should always be drawn to order as they serve not only as receipts, but guards against loss and theft and fraud, as when dealing with strangers the bank will not pay cheques until the holder indorses and identifies himself as the person named in the cheque.

BANK DISCOUNT.

As charged by Bankers and Bill Brokers, for discounting bills, is not a discount but an interest. Rebate is the only true discount, and is such a sum that when deducted from the principal sum and the latter put out at the given rate of interest and for the given time will improve so as to exactly make the original principal sum.

Bankers and Bill Brokers charge interest not only from the time of discounting a note until it becomes due, but for the three days of grace additional. They do more, for as the discount is paid (taken) in advance, the bill discounters receive interest upon interest—a compounding which at least in the average discount will amount to an additional $\frac{1}{2}$ per cent on the face value of the bill. As it is customary to charge a commission on bills drawn or payable at places other than that where made, an additional $\frac{1}{2}$ or $\frac{1}{4}$ per cent. as the case may be, must be added.