

CANADIAN BANKING PRACTICE.

By H. M. P. Eckardt.

V.

Upon acceptance of a collection, the bank receiving it becomes responsible to the owner for its safe-keeping, for its due presentment at the place of domicile, for holding recourse against all parties signing or endorsing it; and it must account properly to the owner for all proceeds collected. Immediately upon their receipt, bills for collection are entered in the "collection register." The purpose of this book is to furnish a complete record of every collection held. Where a considerable number of both kinds of bills are received, two books are kept, one being for "local" and the other for "remitted" bills. Each bill is identified by its number in the register. Some distinguishing letters, such as "C.," "B.C.," "B.C.R.," standing for "Collection," "Bill for Collection," "Bill for Collection Remitted," etc., usually are prefixed to the numbers to aid in identification.

Endorsed in Blank.

When received, the bills from local customers are endorsed frequently in blank, and in a shape that would permit of their being negotiated by anyone obtaining possession of them by improper means. To lessen the danger from this direction the bank's name is stamped plainly on the face, and a further protection is gained by restricting the negotiability of the bill through stamping just above the last endorser's signature the legend, "Pay Bank or order." After being stamped properly the bill goes into the register under its number, columns being provided for all the details necessary to produce a duplicate bill in case of loss or theft.

The next step is to divide the completed from the uncompleted bills. Some banks make the division before, keeping a separate register for each. When this is done the "remitted" and "local" bills are not separated, as it would be rather much of a nuisance to run four books. The completed bills are ready for "diarizing"; the uncompleted are to be presented by the junior for acceptance in the case of local bills, and in the case of remitted bills, forwarded to the bank's correspondents for collection. Before these latter are sent forward they, too, must be entered in the "diary." That important book and the manner of its working will be described after we have accompanied the junior on his round with the bills for acceptance.

Where the Junior's Tact is Needed.

This task is not so simple or so easy as might be imagined. The drafts are drawn mostly upon the merchants and traders with well-known places of business in the town. Procuring their acceptances is not merely a matter of going to their places of business and of coming away immediately with the signatures required. Frequently it happens that on the junior's appearance with his bill the merchant is busy with his customers, and he will ask to have the bill left till he gets time to look it up. Sometimes the junior is told that the shipment of goods against which the bill is drawn has not arrived, and that the bill must be held a few days; sometimes that the amount, or the term, is not right. All sorts of reasons and excuses are given for not accepting promptly. The upshot of the first trip probably will be that a few acceptances have been secured on presentation; also a few straight refusals to accept, and quite a number of drafts left for the next day's rounds, or to be sent in to the bank by the drawees.

When he goes out next day, with a fresh supply of drafts, much the same thing happens. He may not succeed in getting in the bills left previously, further delays and excuses probably being experienced. This is what confronts him. Behind him are the instructions of his superiors that all the drafts must be disposed of promptly one way or the other—either accepted or

refused. If they are left too long incomplete, the bank, as collecting agent, may be involved in trouble or loss with its correspondents. If the loss is owing to a failure of his, the junior must make it good.

Entries in the Collection Diary.

Those bills which the junior brings back "Accepted" or "once refused" are marked off "Returned" in the collection register, and are then sent back to the parties from whom received, the reasons for refusal being given. Those which are accepted are placed with the other completed local bills, and the whole are prepared for the "diary." All must be examined to see if the acceptance and other particulars are perfectly regular and formal. Then they must be due-dated. Each bill must have, in the particular place and manner affected by the branch, the date of its maturity set out clearly and plainly. This done, they are ready for entering. The junior acknowledges the receipt by him of collections coming through the mail by installing the letters that contain them. Now, he is about to pass them on, with the responsibility connected with them, to another officer. His entering them in the diary marks the end of his connection with them—for the present at least.

In connection with the handling of bills and notes of all kinds, one of the gravest responsibilities lies in making the proper presentment on the date of maturity. Every bill held by the bank, due on a certain day, must be presented at the place of payment during banking hours on that day. If it is not, dire consequences may follow. Recourse against a good endorser for a bad or doubtful promisor may be lost through non-presentment. If the endorser takes advantage of the slip, the bank, as holder of the bill, is responsible for the damage suffered by the owner.

Inter-checking System.

For convenience, and as a safeguard against costly errors, an inter-checking system for handling bills had to be devised. The diary is one part of this system, the bill-case is the other. As the name implies, the diary is a book in which the working or judicial days of the year are set out consecutively, a half-page or a whole page being given to each day. As they are received and completed, all the bills are entered in the diary, on the page or half-page assigned to their respective due-dates. It is part of the teller's duties at the beginning of each day to take over and initial for the bills shown by the diary to be due that day. The bill-case furnishes a check as follows: Its compartments are numbered consecutively from "one" to "thirty-one." The officer keeping it sorts the bills for three months or more in advance in these numbered compartments. Thus, the bills in the compartment for each date should be the same as those recorded in the diary for the same day.

The diary does not contain such full particulars of each bill as are necessary in the collection register. It is sufficient if enough details are given to identify the bill and to remit or account to its owner, so that he in turn can identify it. After they are entered in the diary, the bills are handed over to one of the high officers of the branch—to the manager if the branch be very small, to the accountant at larger branches. As it is a matter of importance for the reasons already mentioned that the bills be properly completed, due-dated, and entered, it is the duty of this high officer to carefully read over each bill, to check the due-dates and the entering. In order that the responsibility for mistakes can be properly placed, it is customary for the officer who does checking of this kind to place his initial or particular sign opposite each item he checks. Then, in the event of loss or trouble resulting from a mistake passing him without detection the responsibility is divided between the man who made the error and the man who should have checked the figures accurately. On this checking being finished, the bills are filed away in the bill-case, the keeper of which, nearly always the manager, for-

mally "takes them usually in the collection register and Acc-

The matter of the method of accounting within the junior's bills have been followed to their instalment unless recalled or maturities, the manager. A few worked bills on the and receipts of cash. Therefore, one of the morning, after the bills for the day. Amongst them will bank as promissory can be charged at these instances, all accounting to the them, stamp them in exactly the same

It may be that due have not enough charging up the bills instructions not to cheques. With the customers deposit bills in the one case the other.

Bills-Payable at O

Amongst the or made by customer will be accepted presentment of each must domiciled. Here with the bills, for ment.

At each one of payable there to the charge of the de amines them, satisfied to the genuineness the promissors or dishonor them. T bills now about to or certified. When which he is making he intends to pay debit in the account on the bill as accepted the "acceptance" bill so entered, all

This constitutes the bills are formally stamped and becomes primarily the accepting bank regarded as paid, the teller, the latter owners.

Some of the honored for the the junior's own bills them not having left instructions to the junior gets bills banks at which the "Present again," "structions to pay

Payments Received

The bills, so business men and There are usually