

COMMERCIAL BANKING

A Treatise Covering the Practical Operation of a
Commercial Bank, the Theory of Money and
Banking, and the Development of
Banking in the United States

BY

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CHAPTER XV

COLLECTIONS AND THE MESSENGER

The Messenger.—The messenger (sometimes called “runner”) is the lowest in the scale of bank employment. The messenger is a beginner. His first duties consist in running errands in the bank, and carrying papers and mail to different departments and officials. In doing so he comes into contact with the executives of the bank and can so impress these officials with his personality and his characteristics that his advancement may be rapid. Whatever qualities, good or bad, he may have will quickly manifest themselves, and his career will be shaped accordingly.

When not employed in the messenger work about the bank, he may be engaged in presenting notes, bills of exchange, acceptances, etc., to the bank's customers; although this outside work requires boys of older age than the messenger work about the bank.

A large volume of bank business is transacted through the medium of the outside messenger force. Their activities consist in making collections, carrying money, securities and valuable documents from the bank to other banks and to the various customers and others. The force must necessarily be well organized and well directed. The messengers must know what to do under various circumstances, and the position, although regarded as the humblest in the bank, is nevertheless an important one.

Until the day's work is in shape to take out, the work of the messengers is comparatively light and these

employees are used wherever they are needed. Between ten and three they are out on their routes and at other times engaged in miscellaneous errands about the bank. They act as general assistants to various officers and departments, being in the nature of a flying squadron which goes where it is needed.

The messenger represents his bank and the bank is often judged and appraised by the conduct of the messenger. He can surely make friends and perhaps customers for his bank by the manner in which he conducts the relatively unimportant and yet important tasks which are given him.

In some banks the messengers are mature men, retired policemen and others who have concluded to spend their declining days in doing humble work rather than remain idle; or those who have been unfortunate in other lines of business and have taken up messenger duties for want of better things.

Qualifications for a Banking Career.—Inasmuch as the messenger is presumed to be entering upon a banking career, it is here appropriate to discuss the qualifications which he must have or acquire if he is to achieve even a moderate degree of success in banking.

In laying down the rules which make for business success, no two men will give the same essentials in detail, yet all will agree upon certain fundamentals, and certain characteristics. The recipes for success will therefore be as varied as those who compose them; but, like the recipes for cake will all contain the same fundamental ingredients. The man who assumes to discuss such rules will draw upon his own experiences and his own observations and make his prescription accordingly. The author must therefore be pardoned if he draws upon his own career for the rules which he considers essential to banking success.

Honesty.—As a general proposition the recipe for banking success begins with the admonition to be honest; but this is a necessary qualification for success in all callings and in every phase of life, and should be taken for granted. Honesty is not only the *best* policy, it is the *only* policy. No matter what may be the line of business the young man chooses, he will find opportunities to be dishonest. In selling goods there may be short weight or measure, false representation as to quality, misstatement of fact, little tricks that are unethical, and which are peculiar to the line of business. It should be the basic rule of all who aspire to business achievement to be "four square with the world," as Theodore Roosevelt put it; or in the words of the great commentator Blackstone, live honestly, harm nobody, and render every man his due.

Banking offers unusual opportunities to be dishonest, inasmuch as the bank employee handles money in great quantities, and faces many temptations. There are certain young men who should never go into banking. This type consists of those who cannot resist the temptation to pilfer. There are those to whom the sight of money is an irresistible temptation that cannot be overcome. In my own bank, at one time, I had a young man who was engaged as messenger. After he had been employed about six weeks we found that he stole the first money he could put his hands on. One day a deposit was received too late to be placed in the money vault and was placed overnight with other valuable papers in the book vault in the basement. This young man was sent down the next morning to get some stationery, and seeing the money on a shelf, appropriated it (\$100). It was soon discovered that the money was missing and the theft lay between the boy and the janitor. It took two detectives a day and a half to "break" the boy

into a confession. It is needless to say that such a boy should never seek employment in a bank, and he never would be given a bank job if such a tendency were known to the officials employing him. Therefore I lay down the rule that a bank employee must be honest, and if not, he will not long remain in banking.

Accuracy.—The next essential I would name is *accuracy*. Banking is a mass of detail, each important in its place, and each fitting into the work like the teeth in a cog wheel. One thing done wrong will undo a thousand things done right. For instance, in posting a check for \$8.90, it is posted as \$9.80 and the work is out of proof. The teller received it as \$8.90 and charged it out of his cage in the same amount; but when the bookkeeper's work is checked back with the teller, a shortage is found to exist; and it matters not that a thousand checks were posted right, the one posted wrong will destroy the effect of all the accuracy in the other work. Two errors in a certain bank required upwards of three hundred hours extra work before they were located.

Accuracy is not peculiar to banking—it is essential in every business. If, for instance, the clerk in a department store, in making out a sales ticket, gets the address wrong, it means that the package must be sent to the wrong address, recalled, the correct address ascertained, and a redelivery made, with all the attendant annoyance and costs. Accuracy may cost its price in time and care but it pays—always.

Make your figures plainly—so plainly that there can be no question as to what they are. *Never pass a figure that is in doubt and never make one that is doubtful.* Be correct in your additions and subtractions; making the computations the second time as a matter of habit. Take nothing for granted.

A Regard for the Element of Time.—While all business has in it the element of time, banking is particularly based on a time schedule. The doors open on time and close on time. Negotiable instruments must be presented on time, or risk follows that may prove costly. The mails must go out on time, otherwise checks and other instruments will be late in arriving at their destination, and delay means loss of interest, and perhaps loss of money besides. The schedule of the day must be followed, otherwise the whole force may be detained at night; just as a slow movement in one wheel makes for slow movements in others. The tellers may hold up the bookkeepers and the bookkeepers may hold up the mail tellers; and they in turn may hold up the out going mail.

In the chapter on clearing houses it will be seen how clearings are made on the exact minute, and the bank must be ready for this clearing process, otherwise it will not receive payment for its checks and the work of the whole day will be unduly held back.

Promptness is a virtue for its own sake; and the life stories of successful men reveal the fact that the successful business man is the one who keeps his engagements. You have no more right to take another man's time than you have to take his money. The busy man will always be prompt in attending meetings and keeping appointments. He expects other men to do the same. He regulates his life by a schedule and like the railroad expects to hold to it.

During a period of about five years the author came intimately into contact with a certain business man who was habitually late. In all that time he never kept an engagement for anything on time. He would invariably be from fifteen minutes to an hour late. He would keep a group of directors in a corporation waiting more than an hour for him to appear and preside. At meetings of

bank directors that were almost vital to him he was, according to habit, late.

Not only did this habit of being late involve his appointments, but it followed him in his engagements to meet notes and pay his bills. The banks which held his paper could never obtain its payment or a renewal on time. His paper was habitually past due. His interest was always in arrears. If he promised to send a check by a certain day, it never came as promised. From a most promising career, he descended to a dismal failure. Whatever he touched he blighted.

If I were to lay down one essential rule, it would be this: Keep every appointment religiously—ahead of time if possible. Make no engagement you cannot meet; and if unavoidably detained, use the telephone. If you owe money, pay it when it is due, or advise your creditor the reason if you cannot. When your note is due at the bank, make provision for it a day or two beforehand. Do exactly as you promise, both as to time and as to money, or have a good reason for failure to perform, and get the reason to the other party in time for him to make his arrangements accordingly. Never stall for time. I have never found a business man who would not be lenient and fair, if his debtors would but “lay their cards on the table,” and when they could not meet their engagements, frankly told him so; but as soon as they began to lie and deceive and obtain concessions by subterfuge, the man’s fighting blood was stirred to action and he would demand his legal rights. Men do not like to be trifled with; they do admire honesty and frankness in business, and will give and take, when the other fellow shows an honest purpose to do the best he can.

Courtesy.—Much has been said and written about courtesy as a business asset; and courtesy has many definitions and expresses itself in many ways. It

simply means that every transaction shall be done with ease and grace and that the customer shall be pleased. He must not only feel that he has been *served*, but that the service has been willing, efficient and smilingly done. And this is not always an easy task.

Modern business is transacted to a very large degree over the telephone, and the proper and efficient use of this instrument is important. Friends can be made over the telephone and enemies can just as easily be created. Lasting impressions can be given over the wires, both for good and for ill; and the bank man who succeeds in the highest sense knows how to use the telephone to its greatest advantage.

Secrecy.—The bank man learns much of the business secrets of his clients. He knows how their bank account is running, how they borrow, how they pay their bills, how they live. The inner secrets of men and families are known not only to the officials but also to the men and women in the ranks. *It is vitally important that all information which is acquired in banking routine be held sacred.* In other words, the information gleaned in the bank should be left at the front door when the day's work is done; and all that is known of other peoples' business should be as carefully guarded as the most personal secrets of one's life.

Dress the Part.—Personal appearances count for much in all lines of business. If you cannot be well dressed, be cleanly dressed. If your clothes are shabby, have them clean. It is no disgrace to wear a threadbare suit; but it is a disgrace to wear a soiled collar. Dress plainly and in good taste. Avoid flashy colors. Buy good clothes and make them last a long time. Keep your shoes polished, your nails trimmed and clean, your linen fresh and your face shaven every day!

Routine.—Inasmuch as banking is a mass of detail and routine work until the bank man reaches an executive position, a liking or an adaptability for routine work is essential. The boy who likes to sell goods should never go into a bank; and the boy who likes mathematics should not try to sell goods. And unless the boy has a liking for keeping books, making figures, adding, subtracting and multiplying, he can never fit into banking.

There are certain positions in every bank which are nerve-racking and monotonous. These positions are as a rule shunned. Of such character is the work of the bookkeepers on the customers' ledgers. This work, if in the Boston Ledger form (which see under bank accounting) consists in adding and subtracting constantly. It is not a desirable occupation, but a good training school. It teaches one to be exact, methodical, intensive. It requires concentration of a high degree. The boy who goes through this and keeps his courage has learned a valuable lesson. If the work is done by means of bookkeeping machines, it is largely a mechanical process. This too requires concentration, and is a steady grind. At best the only quality to be acquired is the ability to read names and figures correctly and to operate quickly. The operator gets an intimate knowledge of the checking accounts that will, in other positions, stand him in good stead. I find that ambitious boys shun this part of bank routine on account of its intensity, preferring to do other parts of the work which are more varied in their mental processes. I not only urge the boys, but in some instances compel them to take their turn at this work, knowing that the training they will get will be a good asset in future days. I had a most excellent employee who moved up the line fast. He soon became an assistant in the cage. It became necessary in vacation time to put him back on

the more humble work, at which he rebelled. I finally persuaded him that it is just as much an accomplishment to be able to go down the line and do the more humble work gracefully as to move up the line and do the higher work well. It proved a most excellent process of development and he became one of our best employees.

Collections.—The term "collections" is used to designate such instruments as have the element of time connected with them; and may also include irregular items which have failed of payment in other departments of the bank work. We may classify collections as (a)

Commercial Bank, New York,					
DATE SENT	PAYER	AMOUNT	WHERE PAYABLE	DUE	ENDORSEER
3/31	DISPATCH PRtg. & BINDERY CORP	410 13	YOU	4/18	AMERICAN TYPE FOUNDERS CO
PROTEST <i>if not paid.</i>					
THE FAVOR OF PROMPT RETURNS IS REQUESTED UPON THE ITEM HEREWITH ENCLOSED FOR COLLECTION.					
RESPECTFULLY, IRVING NATIONAL BANK WOODWORTH BUILDING, NEW YORK					

FORM 17.—Collection letter—time item.

outgoing, and (b) incoming. The outgoing collections will consist of the following:

(a) Notes held by the bank under discount and payable at places other than its own counters. These must be sent out by mail or messenger for collection. In many banks they are handled by the note teller.

(b) Notes left by customers of the bank for collection and credit.

(c) Drafts, acceptances, etc. owned by the bank.

(d) Drafts and acceptances turned into the bank for collection.

(e) Irregular checks—those which have not been paid upon presentation, and those found defective or irregular, and which must be given special attention.

(f) Coupons from bonds held by the bank as investments.

(g) Coupons from bonds in collateral loans.

(h) Coupons from bonds in safekeeping.

(i) Coupons turned in by the bank's customers.

(j) Maturing bonds owned by the bank and its customers.

(h) Special collections, such as savings bank pass books, deeds, mortgages, and other valuable papers to be delivered upon the payment of specified sums.

Customer's Draft.	<i>\$300.00</i>	<i>Chicago</i>	APR 13 1921	<i>10</i>	<i>No.</i>
	<i>H. Slight</i>	<i>Pay to the order of</i>			
	WOODLAWN TRUST AND SAVINGS BANK 1204 EAST 63 RD STREET				
	<i>Three thousand</i>	<i>Dollars</i>			
	<i>Deed - Title and Ochs Papers attached</i>				
	<i>When received and charge the same to account of</i>				
	<i>Long Beach Beach Co</i>				
	<i>Long Beach - Long Beach</i>				
	<i>Guerra A. De Land</i>				
	Commercial Bank, N. Y.				

FORM 18.—Commercial draft with documents attached.

The incoming collections will consist of the same kind of instruments received by the bank from other banks, firms, and corporations for collection.

The essential thing is to have a record of all such instruments handled, so that tracing is easy and reference possible at any future time. Banks therefore record in various ways: Date received or sent; date of instrument, maker, payee, drawee, time, from whom received, papers accompanying, protest or not, amount and fate.

The division of such work as above outlined depends upon the size of the bank. The work itself is quite the same, whether it be done by a highly depart-

mentalized staff, or as part of the day's work. In seeking to build up good will, based upon service to the public, the banking world has assumed many functions hitherto regarded as no part of banking. At the same time banks have taken on various activities as a matter of pure service, for which nominal charges are made and in many

FORM 104X		NATIONAL COMMERCIAL BANK				ALBANY, N. Y.	
We enclose for collection the following items:				Deliver documents or bill of lading only on payment of note			
Please report by our NUMBERS				Do not hold for convenience of parties.			
		DATE SENT	DUE	ENDORSER	AMOUNT		
No.	425 To	New York	N.Y. 4.9	4.25	Union Tr Cleveland	204.35	
Protest and return promptly all paper unless otherwise instructed by us.							

FORM 19.—Collection letter—time items.

instances are performed gratuitously. Among such services may be mentioned the collection of coupons, notes, bills of exchange, handling valuable papers and securities for customers of the bank and others and for which in many cases no charges are made. The charge for such service is optional, but in such matters exchange has its rightful and undisputed place.

Reason for Making Collections.—If a reason were sought as to why a bank makes collections, the answer would lie in three directions: (1) It builds up deposits; (2) it serves the customer; and (3) incidentally produces as a profit the exchange charge if any.

A bank handles two principle kinds of items, cash and time. The cash item is immediately credited to the depositor's account, although a short lapse of time may occur before funds are actually received. In the case of a time item, no funds are advanced until payment has been received, when the amount is credited as a